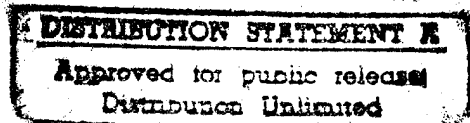


The Security Environment in Southeast Asia and Australia, 1995-2010

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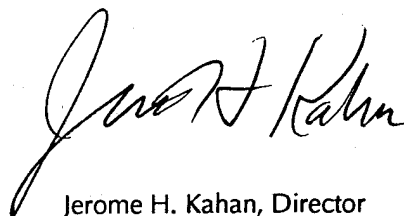


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A handwritten signature in black ink, appearing to read "Jerome H. Kahan". The signature is fluid and cursive, with the first name "Jerome" being more prominent than the last name "Kahan".

Jerome H. Kahan, Director
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The Research Memorandum represents the best opinion of CNA at the time of issue. It does not necessarily represent the opinion of the Department of the Navy.

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Summary

The Commander, Seventh Fleet, asked CNA to assess the security environment of the Asia-Pacific Region (APR) between now and 2010. This research memorandum focuses on the most probable trends relating to Southeast Asia and Australia during this period. The project's final report, *The Dynamics of Security in the Asia-Pacific Region* (CNA Research Memorandum 95-172, January 1996), discusses the implications of these trends (and of the probable trends in other countries of the region) for U.S. forces, particularly the Navy.

ASEAN's growth

Freed of Cold War divisions and home to some of the fastest-growing economies in the world, Southeast Asia appears to face an unprecedented era of stability and prosperity. The Association of Southeast Asian Nations (ASEAN),¹ currently comprising seven of its countries, has set the sub-region's agenda and resolved or shelved numerous bilateral disputes between members. As ASEAN expands further, its members will likely continue into the next century to attract major investment and technology flows. ASEAN's shift to more direct involvement in security issues will strengthen regional confidence, although it is not likely to evolve into a European-style cooperative or collective security structure by 2010.

Problems remain in and among ASEAN members. Domestic political stability in several is contingent on continued rapid economic growth. Potential intra-ASEAN differences will increase with the membership of Vietnam. Many border disputes have only been put on hold. Rough patches recur in political relations between ASEAN members. Unresolved maritime differences will have increasing

1. Current members of ASEAN are Brunei, Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Vietnam.

political and economic importance as pressure grows on energy and food supplies. With prosperity and more evident external interests, Southeast Asian countries are acquiring new weapon systems that raise suspicions. But there is good reason to expect ASEAN to manage such problems.

Emergence of China

The more serious potential threats to security in Southeast Asia are extra-regional and center on China, whose behavior is seen as the main determinant of the region's security in the future.

- The rise of China, propelled by economic reforms that have led to sustained high growth, presents Southeast Asian countries vast opportunities for markets and investment.
- At the same time, China's size and growing assertiveness threaten ASEAN interests if only because of proximity. There is no modern model for Chinese political relations with its southern neighbors. China's protestations of peaceful intent are regarded skeptically. The old, tributary model holds little appeal for the managers of Southeast Asia's successful states and economies.

Any Chinese use of force against Taiwan would profoundly undermine Southeast Asian confidence and throw off all calculations.

Assertive Chinese moves in Southeast Asia might produce a unified ASEAN response, as they did in 1995 after China's occupation of Mischief Reef in the Spratlys, but could alternatively polarize ASEAN, whose members differ in their views toward Beijing. China's territorial claims in the Spratly Islands, and actions to back them up, are a particular concern and seen as a litmus test of Beijing's intentions. There are probably few if any exploitable oil or gas reserves under the islands themselves; however, sovereignty over them could confer claims to continental shelf resources all around the littoral of the South China Sea, depending on how Law of the Sea (LOS) provisions are interpreted. China's claims appear based partly on an absolutist approach to sovereignty issues, and partly on the need for oil. Post-Deng succession politics, and competition from Taiwan to appear

tough on Spratly claims, will limit Beijing's room to compromise in the short run. There may be some chance of agreement on joint development.

U.S. involvement in the region

Cooperation between the United States and Southeast Asian governments is close, centered on shared interests. But U.S. human rights and trade policies and other differences are sometimes perceived as infringing on Asian sovereignty. In the future, Washington will confront a growing sense of Asian identity and self-confidence. The United States will still account for major shares of ASEAN foreign trade and foreign direct investment, but the trend is toward more intra-Asian economic activity and proportionately less dependence on the United States.

Many Southeast Asians express the view that the departure of U.S. forces from the Philippines at the end of 1992 leaves an unstable vacuum still unfilled. There is widespread appreciation that the U.S.-Japan security relationship and presence of forces in Japan underwrites East Asian security as a whole. However, the vigorous U.S. schedule of port calls, exercises, access agreements, and other forms of engagement in Southeast Asia are not perceived by Asian leaders as fully replacing the Philippine bases in signifying that the United States will be a permanent factor in their region's security.

Australia has increasingly formed its security policies in an Asian context. In recent years it has established close military as well as political ties with Indonesia. Its engagement with other Southeast Asian countries has grown as well, culminating in the signature of a security agreement with Indonesia in December 1995. United States and Australian objectives in Southeast Asia are congruent, and U.S. security relations with Australia are close and durable.

Implications for the U.S. Navy

As the Navy and Seventh Fleet look to the next 15 years, the following factors are likely to influence fleet operations, requirements, and planning:

- Southeast Asian leaders will continue to view the presence of U.S. forces in the region as essential for the balancing role they expect the United States to play. Political limits will constrain most from providing high-visibility support for U.S. force presence or basing, however, except in situations where states feel directly threatened.
- The United States, and specifically the Navy, has a major interest in how overlapping Spratly Island sovereignty claims and their resource implications are resolved. U.S. interests require efforts to deter conflict and promote negotiations.
- Traffic congestion will rise sharply in the Straits of Malacca and Singapore. Although a military threat to Southeast Asian sea lanes is highly unlikely, non-military challenges could arise. The U.S. Navy should monitor the problem closely and seek ways to develop solutions in cooperation with regional states, including Australia, before such situations develop.
- As Southeast Asian interests, and defense programs, assume a more maritime orientation, and regional navies acquire new systems, navy-to-navy cooperation will become more important. The U.S. Navy will have increased opportunities to influence regional naval doctrine and operational capabilities.
- As a middle power close to the region, Australia will have special access and understanding in Southeast Asia. Australia will want to proceed independently, and not be seen as a junior partner to the United States, but there will be opportunities for U.S.-Australian naval cooperation in strengthening regional security.
- Requirements for additional Navy support arrangements and facilities in Southeast Asia are likely to be limited and specific. Balance between military and political objectives, and demon-

strated relevance to security objectives of the Southeast Asian countries themselves, will be increasingly required.

- Fleet engagement with Indonesia appears worth special attention for several reasons, including maritime (and archipelagic) importance, size and potential leadership role, and importance of finding channels of common interest despite political differences over human rights.
- Any future use of facilities in Vietnam—for example, Cam Ranh Bay—has a special dimension because of the high probability of long-term tension between Hanoi and Beijing. The value of such use needs to be balanced against the overarching U.S. interest in emergence of a cooperative China.

Introduction

The Commander, Seventh Fleet, asked CNA to assess the security environment of the Asia-Pacific Region (APR) between now and 2010. The project's final report, *The Dynamics of Security in the Asia-Pacific Region* (CNA Research Memorandum 95-172, January 1996), discusses the implications of these trends (and of the probable trends in other countries of the region) for U.S. forces, particularly the Navy.

This research memorandum focuses on the most probable trends relating to Southeast Asia and Australia during this period. It discusses a few countries and issues at somewhat disproportionate length where circumstances appeared to warrant it—Vietnam because of its long isolation, Australia because of its long alliance relationship with the United States, and South China Sea territorial claims because of the complexity of the issues.

The analysis that follows is based on a review of the relevant scholarly literature; a workshop in June 1995 that included representatives of Pacific and Pacific-related commands; and interviews with defense and foreign affairs officials and scholars in Southeast Asia and China in October–November 1994 and January–March 1995. The latter were conducted during visits to Australia, Bangkok, Beijing, Hanoi, Jakarta, Kuala Lumpur, Manila, Singapore, and Honolulu (Pacific Command, Pacific Fleet, East-West Center, University of Hawaii, and Pacific Forum). The paper is based on information available through September 1995.

The first section contains an overview of political, economic, and security developments in the countries of Southeast Asia and Australia, projecting the most likely trends over the next ten to 15 years. The next section considers region-wide trends, including potential sources of conflict and regional cooperation. The last section presents a series of conclusions and recommendations based on the country and regional analyses.

Overview of the region

Southeast Asia in 1995 appears to face a stable, prosperous future. Politically and ethnically fragmented, and earlier called by some the "Balkans of Asia," the region now enjoys enviable growth rates and, if not domestic tranquillity everywhere, at least relative political stability. Its expanding regional organization, the Association of Southeast Asian Nations, has enabled members to shelve or resolve territorial and historical conflicts that many predicted a generation ago would inevitably lead to chronic hostilities. It has effectively leveraged the influence of outside powers to advance security objectives of its members. By the end of the century ASEAN is expected to embrace all ten Southeast Asian countries. In many ways ASEAN symbolizes and embodies the rise of Asia that promises to distinguish the 21st century.

Problems remain in and among ASEAN members. Leadership succession is problematic for a few countries. Potential intra-ASEAN differences will increase with Vietnam's membership, and unity will be tested as more countries are incorporated. Many border disputes have only been put on hold. Unresolved maritime issues will have increasing economic salience. Acquisition of high-tech weapon systems by most ASEAN countries has raised some suspicions and could lead to miscalculations. But precedents and the value the organization now has for its members suggest that ASEAN will be able to solve these issues short of confrontation.

The more serious challenges to security in Southeast Asia lie outside the region. China's future role causes more concern than is voiced publicly. Beijing's territorial claims in the South China Sea are a particular source of worry, widely seen as harbinger of an effort to exert broad political leverage over Southeast Asia. In the view of many, the departure of U.S. forces from the Philippines at the end of 1992, leaves an unstable vacuum still unfilled. ASEAN military cooperation will develop slowly, with little prospect of becoming a counterweight

that could replace the balancing U.S. security role. Nascent cooperative security structures like the ASEAN Regional Forum will not supplant the need for military balance by 2010.

The original ASEAN core:² Southeast Asia's successful mainstream

Although it has become common to consider "ASEAN" collectively for policy purposes, it is important to note that the Association's membership spans a broad range of economic, demographic, and political differences: e.g., the fourth-largest country in the world as well as one of the smallest and richest. It is very far from any pooling of sovereignty. Its policy coordination successes are more impressive because of the diversity of member states' outlooks.

Formed in 1967 after President Suharto ended Indonesia's "confrontation" with Malaysia, ASEAN gained critical importance for its members following withdrawal of U.S. forces from Vietnam and Hanoi's victory over the South in 1975. Its cohesion was further strengthened when Vietnam invaded Cambodia at the end of 1978, bringing Vietnamese forces to the Thai (i.e., ASEAN) border. Vietnam's alliance with the USSR and the flood of "boat people" flowing to Southeast Asian shores further alarmed ASEAN's members. The result was a high degree of policy cohesion and a setting aside of some prominent policy differences by members. Indonesia, for instance, subordinated long-standing fears of China to go along with ASEAN/Chinese cooperation in opposing Hanoi.

The end of the Cold War removed Soviet forces from the Southeast Asian security calculus, but brought new factors:

- The rise of China, propelled by economic reforms that have led to sustained high growth, presents vast opportunities for markets and investment. At the same time, there is no modern model for China's relations with its southern neighbors. The

2. Founding members of ASEAN were Indonesia, Malaysia, the Philippines, Thailand, and Singapore.

old tributary model holds little appeal for the managers of Southeast Asia's successful states and economies. China's size and growing international assertiveness pose large questions. On the record, Southeast Asian leaders are positive and optimistic about China's future role. Privately, considerable worry is expressed.

- The U.S. withdrawal from Philippine bases left Southeast Asia without significant regionally based U.S. forces for the first time since World War II (and without foreign military bases for the first time since 1511³). Continuing treaty alliances and a vigorous U.S. program of presence and engagement has only partially offset the perception of a "security vacuum." Despite moves signalling a diminished U.S. direct military role in Southeast Asia going back to the 1969 Nixon Doctrine, U.S. basing in the region was seen, at least subliminally, as a kind of tripwire, and its end as cutting a tether between the United States and its allies and friends.
- As most of their domestic insurgencies have dried up and their own economies have taken off, ASEAN governments' national agendas have changed. They are giving economic development highest priority and are able to command a much higher level of resources than previously. Trade, investment, and technology are more important aspects of their relations with the United States and other countries. Security issues are increasingly seen as related to economic interests. For ASEAN defense forces, external, maritime focus is replacing priority on internal domestic order.
- Governments and institutions are generally stronger than they were 20 years ago. But as national management becomes more complex, quality of leadership and succession issues become more salient. The process and outcome of transition in Indonesia, highly important for the whole region, is uncertain. Where politics are open but not yet issue-based, as in Thailand and the

3. Noted by John Bresnan, *From Dominoes to Dynamos: The Transformation of Southeast Asia* (New York: Council on Foreign Relations Press, 1994), p. 71.

Philippines, the depth of political leadership is thin. Mixed authoritarian–democratic systems, by excluding elements of the polity, risk a buildup of pressures for change. Formerly Leninist states, Vietnam most importantly, have found no replacement ideology on which to build unity—apart from “getting rich.”

Reactions to these factors have varied by country. Some common themes have emerged.

Indonesia

Indonesia, the largest Southeast Asian power in size and potential natural wealth, has played a constructive part in regional affairs for nearly three decades. Avoiding the flamboyant nationalism of the Sukarno era, the Suharto “New Order” has focused for most of that time on maintaining domestic cohesion and control and building cooperative regional relationships, moving only relatively recently to the world stage, e.g., as leader of the Nonaligned Movement, and a major player in the Asia-Pacific Economic Cooperation forum (APEC).

Indonesia has used its large infusion of income from oil and gas to diversify its economic base. Manufactures now make up more than 20 percent of its exports and are growing more rapidly than GNP. New hydrocarbon and other mineral exploitation deals have been signed recently. Indonesia’s large population, however, will prevent per capita income from reaching the level of current newly industrializing economies (NIEs, e.g., South Korea) for decades. Widespread corruption and the granting of monopoly rights in lucrative enterprises to Presidential family members and friends have raised costs and hampered competitiveness in international markets. Income distribution, both between the poor and the wealthier and among Indonesia’s regions, is unequal and coming under increasing criticism. In particular, provinces that provide much of the nation’s new wealth also suffer a higher incidence of poverty than Java or Sumatra.⁴

4. Adam Schwarz, *A Nation in Waiting: Indonesia in the 1990s* (Boulder: Westview Press, 1994), pp. 62–64.

The issue of succession following President Suharto's departure from office dominates discussion of domestic politics. The President has groomed no successor. If he dies in office or is incapacitated, at best there will be a period of uncertainty in national affairs. The army will still be the dominant political force in the country, but no new leader will enjoy Suharto's commanding position. A somewhat more assertive Islamic role in politics may emerge, although the army will watch this carefully. A number of observers in Jakarta project a period of weak leadership but, ultimately, successor policies largely shaped by current patterns: priority on growth and a moderate, ASEAN-based approach to regional issues.⁵

Indonesian-United States relations have been heavily affected by differences over human rights, chiefly Indonesia's poor record in peacefully assimilating East Timor but including labor practices and other issues. The Timor problem appears chronic, with no lasting solution in sight. The Indonesian Government's solution—forceful control combined with big doses of development aid—fails to deal with the political roots of the problem. The West's solution—devolution of political authority to Timorese entities—is anathema not just to the government but to many moderate and otherwise critical members of the Indonesian elite. Both Jakarta and Washington may have to live with and adapt to serious disagreement on this issue for some years.

Indonesia's military forces are focused, more than other ASEAN militaries, on internal security. Because this covers the waters among which the nation's 13,000 islands are situated, Indonesia's force structure already reflects a heavy maritime emphasis. This emphasis is likely to increase as congestion in Southeast Asia's sea lanes of communication (SLOCs) grows, and ocean and seabed resources become more important.

Some of Jakarta's military acquisitions have been made on non-military grounds, attenuating the effectiveness of budget outlays. Purchase of much of the East German surface fleet (39 vessels) was opposed by the armed forces, and the ships are not well suited to the

5. Interviews with the author, Jakarta, February 1995.

patrol mission they are meant to perform.⁶ Technology Minister Habibie, whose idea the purchase was, has argued successfully as well for domestic production of military aircraft and ships on grounds that have more to do with long-range industrial development than actual military capabilities.

Nonetheless, as national income increases, Indonesian naval and air forces are likely to acquire greater reach and sophistication. Alone of the ASEAN members, Indonesia already operates submarines and is acquiring additional modern German diesel boats. If Indonesia succeeds in reaching some of its high-technology goals it will possess by far the largest indigenous Southeast Asian military production base toward 2010.

Thailand

Moving even faster from “emerging” to “newly industrializing” status, Thailand has sustained high growth rates largely because it can offer political stability, a growing domestic market, relatively low cost labor, and easy access to foreign investment (facilitated as well by its large assimilated Chinese minority with ties to the greater Chinese diaspora in Asia).

Thailand’s movement toward responsible civilian government has had setbacks and is not assured. The political protest and military violence that occurred in May 1992, however, may appear in further retrospect to have been a significant watershed. Thai army insistence on retaining power, counter-protests organized by the growing urban middle class created by the Thai economic boom, and brutal army suppression of these demonstrations led to unprecedented public intervention by the Thai monarch. The army backed down, new elections were held, and the ensuing civilian government of Prime

6. The vessels are not air-conditioned, and their engines are optimized for high-speed, short-distance interception duties off the former GDR’s Baltic coast. Consequently, the ships have short legs and fuel-inefficient engines.

Minister Chuan Leekpai lasted longer than any in modern Thai history.⁷

The army could intervene again. As it evolves for at least the next few years, the Thai political system is likely to produce weak coalition governments able to deal with only some of the challenges they face. But against the backdrop of a prospering Thailand plugged into the global economy, with educated technocrats and successful entrepreneurs moving into Thai politics, military coups are likely to appear increasingly anachronistic.

Thailand faces obstacles to continued high growth. Breakdown of urban services, growing income disparities between city and countryside, mounting environmental crises, and an AIDS pandemic that will increase public health costs and accelerate labor shortages toward the end of the century are some of them. The country's relative attractiveness for foreign investors, especially Japan, the accumulation of domestic capital, and its record of resilient coping, will likely keep current economic trends going well into the next decade.

Thailand values its alliance relationship with the United States. Views and policies of successive Thai governments have been close to those of the United States on issues ranging from formation of an exclusive Asian economic bloc to support for Desert Storm. It is the locale for the largest annual exercise by U.S. forces in the western Pacific and supports U.S. forces in the region through a broad array of cooperative actions. It is increasingly mindful of its regional relationships, however, especially with ASEAN neighbors and China, from whom it has purchased considerable amounts of military equipment in recent years. This wider sense of regional interests, as well as broadened domestic political debate, have encouraged Thai efforts to assert greater independence in relations with the United States. Before its fall in June 1995, the Chuan government sought, for instance, to renegotiate a 1967 treaty of amity and commerce that gave U.S. firms

7. Prof. Suchit Bunbongkarn of Chulalongkorn University has described this period in Thai politics in *Asian Survey's* annual review of developments in Asia, issues of January 1992 and 1993 (pp. 131-139 and 218-223, respectively.)

special rights in Thailand.⁸ Trade and intellectual property issues are likely to worsen before they are resolved.

Thailand's November 1994 turndown of a U.S. request to preposition a brigade set of equipment for military contingencies in Korea or the Middle East/Gulf had several causes: excessive visibility of the initial request, irrelevance of most of the equipment for Southeast Asia, unclear consultative arrangements, the Chuan government's parliamentary vulnerability (not that the opposition opposed the idea in principle), and sensitivity to presumed regional and Chinese reactions. It was a signal that the United States needs to manage the military dimension of its relationship with Thailand in a more sensitive manner in the future.

Thai public attitudes, as measured in a USIA poll in September 1994, remain highly favorable toward the United States. Significant majorities (64 to 84 percent) of urban Thai respondents said they favor the U.S.-Thai relationship, believe U.S. policy is responsive to Asian needs, and think the mutual defense agreement is important.⁹

Malaysia

Years of sustained high growth rates and the continued electoral success of the Malay-dominated ruling front have given Malaysia's leadership the confidence to take a high profile on Asian issues.

Prime Minister Mahathir Mohamad, who has 14 years in office and thus is senior to most Southeast Asian heads of government, takes clear pleasure in playing a gadfly role. He has taken the lead in arguing for an exclusive Asian economic organization to supplant the Asia-Pacific Economic Cooperation (APEC) forum, excluding the United States, Australia, and other non-Asian countries. He has urged Japan to assume a leadership role in Asian affairs, co-authoring books with Japanese politicians who advocate a more independent and nationalistic Japanese role. He has attacked the notion—at least for

8. "Sign of the Times," by Michael Vatikiotis, *Far Eastern Economic Review*, January 19, 1995, p. 17.

9. U.S. Information Agency Briefing Papers, October 18 and 20, 1994.

the public record—that China is a threat to its neighbors, identifying it instead as a vast economic opportunity. He has taken umbrage at perceived slights by leaders or media in Australia and the UK, imposing temporary economic sanctions as punishment.

These positions have doubtless gained Malaysia a higher degree of name recognition and deference. Below the surface, however, Malaysian policies and actions are more pragmatic, and are carefully managed so as not to damage fundamental security or economic interests. At a practical level, there is serious concern in Kuala Lumpur about China's intentions in Southeast Asia and recognition that ASEAN diplomacy and security rely in the final analysis on a balancing U.S. role. Despite some well-publicized differences with Washington, bilateral relations with the United States are close and cooperative, including on defense matters.

Malaysia's domestic political stability requires providing an expanding share of the economic pie for the Malay half of the population (without inflicting significant damage on the Chinese part), and is thus dependent on continued economic growth. Prospects are good but will require shifting toward more high-technology production, as labor is in short supply.¹⁰ This in turn will require infrastructure improvements, which are already under way, and higher skill levels through education, which is a source of concern.

Succession issues, problematic for some other ASEAN countries, are not likely to pose difficulties for Malaysia. The current deputy prime minister is the probable successor to Mahathir, and there are other seasoned candidates within the ruling party, UMNO, within which virtually all politics take place. The growing wealth of the Malay community, which is said to number 2,000 millionaires, helps dampen discontent, but also arouses criticism for the way "money politics" is played. Fundamentalist Islamic critics may make some gains by calling for cleansing of the party, but overt injection of Islam into politics

10. Some two million Indonesians work in Malaysia, half or fewer legally. Unemployment for 1994 was expected to be 2.8 percent. Interviews in Kuala Lumpur, October 1994, and *Southeast Asian Affairs 1995*, published by the Institute of Southeast Asian Studies, Singapore, March 1995, p. 208.

would threaten the political foundations of the country and will probably be suppressed quickly by future leaders, as it has been in the past.

Singapore

Geography and size will continue to push Singapore toward the strategies it has pursued over past decades: tying its survival and economic well-being to the interests of neighboring Asian economies, building small but potent "poisoned shrimp" defense capabilities, and supporting U.S. military engagement in Southeast Asia to balance off large regional threats. Its economic performance has been remarkable: growth was 10 percent in 1994, giving Singaporeans a per capita income higher than that of the United Kingdom.¹¹ This growth is likely to flatten out to a more sustainable level, but Singapore will still have the resources needed to underwrite these policies.

Singapore has long practiced economic diplomacy by promoting investment in neighboring countries, seeking security through interdependence. It is set to expand this interdependence greatly by 2010. It has invested heavily and visibly in China, in particular in a new city and industrial park, Suzhou, near Shanghai, and is developing similar projects in India. Prime Minister Goh Chok Tong in 1994 announced a policy of eventually investing as much as 35 percent of Singapore's sizeable fiscal reserves in Asian infrastructure rather than putting them all in the developed world.¹²

The unbending pursuit by Singapore's leadership of domestic discipline and Confucian political values may well generate more well-publicized spats with the United States (and with its neighbors) in the future. As in the case of Malaysia, these are not likely to affect practical security cooperation. Singapore hosts the only current permanent U.S. military presence in Southeast Asia, a SEVENTHFLT logistics element (LOGWESTPAC).

11. "Singapore in 1994: *Plus ça Change...*" by Diane K. Mauzy, in *Asian Survey*, February 1995, p. 183.

12. "Singapore: Consolidating the New Political Economy," by Kwok Kian Woon, in *Southeast Asian Affairs 1995*, p. 292.

The Philippines

After decades of bad or weak government, the Philippines began confronting its problems, and solving many of them, with the Ramos presidency in 1992. By 1995 the most serious infrastructure problems had been at least temporarily solved, economic growth had reached nearly 5 percent, and the economy seemed set to achieve the sustained high growth that has characterized earlier Asian high performers.

Barring a return of instability, the Philippines will have special strengths in competing for foreign capital in the next decade, especially a well-educated, English-speaking work force that includes numbers of managers and engineers at salaries less than half that of similar workers in the richer ASEANs. Major investment links have been established with Taiwan, and intra-ASEAN direct investment is increasing, e.g., an engine plant for the Malaysian national automobile. Analysts project growth of 20 percent per year in exports beginning in 1995, and overall GNP growth at 4 to 6 percent until 2000, then even higher rates.¹³

Philippine political institutions, however, may not be well suited to produce stable management or continuity of good leadership. President Ramos must step down in 1998 unless the constitution is modified. A successor able to win substantial backing and govern as effectively as Ramos may emerge but cannot be seen clearly now, and a lapse into incompetent, corrupt governance cannot be ruled out. A small senate elected nationally from party lists puts a premium on high-visibility opposition from the upper chamber, contributing to gridlock. The freewheeling political party system is still based, as in Thailand, on individual loyalties rather than issues, although this may gradually give way as modernization diminishes the importance of rural landowning dynastic wealth in politics. Armed insurgency has waned except by Moro splinter groups in Mindanao.

Regionally, the Philippines is still seeking an identity and role in the wake of the 1992 withdrawal of U.S. forces. Prominent, thoughtful Filipino opponents of the base closing at the time now believe the

13. Interview, American Embassy, Manila, March 1995.

removal of U.S. presence was constructive in forcing Manila to become more self-reliant and responsible in dealing with its neighbors and the wider world.¹⁴ For instance, Manila has moved to improve relations with Malaysia and Indonesia, seeking increased help from both in dealing with the Moro minority. The long post-colonial love-hate relationship with the United States felt by many in the Philippine elite will probably persist for several years, but is likely to give way to a pragmatic approach based on national interests. Widespread popular admiration for all things American will also persist, tempered by a more Asian outlook as the country becomes more integrated in ASEAN and the wider region.

Vietnam

Vietnam in 1995 saw the successful fruition of seeds sown in 1986, when the Hanoi leadership made fundamental policy shifts on domestic and international affairs, and it now enjoys a high degree of interest from global business executives and regional leaders. Normalization of relations with the United States, membership in ASEAN, and promising advantages in Asia's competition for foreign investment form a heady mix for a country stuck in poverty and political stasis less than a decade ago. Vietnam still carries historical baggage, however, that can constrain its development as well as its regional relationships. Economic and domestic political changes have not run their course, and Vietnam's future role in ASEAN is uncertain.

Economic policies

Hanoi has sought through a policy of "renovation" (*doi moi*) to put the country on the trajectory set by its ASEAN neighbors—export-led growth based on loans from international institutions and foreign direct investment (FDI) attracted by a low-cost, talented work force. By the early 1990s domestic economic reforms had already achieved some visible successes. The U.S. decision to lift its embargo in 1994 removed any residual constraints felt by Japanese or others about

14. "The U.S. umbrella made us flabby." Interviews, Manila, February–March 1995.

buying into Vietnam's economic future. By September 1995 Hanoi had signed up more than \$16 billion in cumulative FDI commitments, and the international business community was largely upbeat on the country's prospects.

Taiwan, Hong Kong, and Singapore lead the list of top investment sources. Vietnamese economic officials say most of this investment is aimed at short-term profits, and brings little in the way of technology or industrial capacity. Japanese and American joint ventures, they say, will achieve these objectives, and the goal is for these sources to predominate.¹⁵

Vietnam has not opened its economy to the same degree as its neighbors, however, and problems—some unavoidable, some self-imposed—remain.

- Narrow bureaucratic bottlenecks still frustrate eager foreign investors. The government is attempting to establish a "one-stop" facility where foreign entrepreneurs can get all approvals, licenses, tax breaks, and other authorizations necessary to set up operations. Frustrated insiders, however, say the reality is far different, with ministries and agencies jealous of prerogatives and unwilling to delegate authority.
- State enterprises continue, with the usual inefficiencies. The Communist Party (VNCP) is divided on whether to keep them going. The policy is not to privatize directly, but to encourage foreign investors to form joint enterprises with the state sector. This is called "corporatization," and resulting ventures are considered to be in the private sector.¹⁶ Many state enterprises are unprofitable, however, and do not attract partners. Although the government has merged or closed some 5,000 state-owned firms, 7,000 survive and are projected to remain open indefinitely.¹⁷

15. Interview at the State Committee for Cooperation and Investment, Hanoi, February 1995.

16. Ibid.

17. "The Way We Were," by Adam Schwarz, *Far Eastern Economic Review*, March 2, 1995, p. 56-57.

- Much money remains under the mattress. Vietnam's domestic saving rate, which should be at least as high as that in neighboring countries, is estimated by Vietnamese officials as only 11 percent¹⁸ (compared to an average ASEAN rate of 35 percent¹⁹). One source ascribed this gap as due to uncertainty about national goals on the part of ordinary Vietnamese citizens, communism having been discredited but no ideology offered to replace it. Another problem may be uncertainty about the permanency of reforms.
- Fiscal policy still emphasizes revenue rather than incentives for investment.
- Financial markets are undeveloped. A Vietnamese stock exchange is at least two years off, despite the example of the large role played by local capital markets in the success of the ASEAN "tigers" economies.
- A host of infrastructural problems remain, hampering domestic and foreign enterprises. Transportation links, power, and communications are the most important. Vietnam has devolved borrowing authority for infrastructure to some local authorities, although not on the same scale as China.
- Farm incomes are stagnant amid rising inflation. Rural/urban income disparities are rising, and rural discontent is a real possibility. Eighty percent of the population still lives in rural areas, and Vietnam has one of the highest population densities in the world.

It is a hopeful sign that Vietnamese in and out of government identify these and other problems openly and discuss ways of improving economic performance. Further liberalization and reform are likely; it is difficult to see conditions that would cause Hanoi to turn back to the

18. Interview at the Central Institute of Economic Management, Hanoi, February 1995.

19. Excluding Brunei. Figures are for 1993, taken from CRM 95-229, *Asian Economic Prospects and Challenges, 1995-2010*, by Erland H. Heginbotham, forthcoming.

policies and stagnancy of the post-1975 decade. But economic growth will not be as fast as the most optimistic projections foresee, and it could take decades for Vietnam to catch up with its ASEAN partners.

Politics and government

Change has been slower in the political structure. As in China, reforms have come from within the Communist Party (VNCP), which is determined to retain political leadership. Some nonparty initiatives in the National Assembly have been accepted, but the party rejects any suggestion of movement towards organized political activity outside the VNCP or broadening of the arena for participation in national decisions. Party officials concede that non-communists have a role to play as individuals, and that eventually a non-communist cabinet minister may be appointed. They acknowledge that the rigid Leninist system of the past was a mistake, but apparently have no ideology for the future beyond striving for an "equitable and civilized society."²⁰

The government permits a degree of free expression to individuals, but is ready to crack down when such expression appears within an organized framework, such as the Buddhist hierarchy. There is still distrust of the South, for historical reasons and because of the difficulty of controlling the region's freewheeling individualism, but also because of the criminal syndicates that operate more freely there. More rapid economic growth in the South will likely exacerbate regional differences.

Students and the young generally appear preoccupied with getting good jobs and making money, and seem disinclined for now to play a political role. Few have studied abroad. If Vietnam follows the path of other emerging Asian economies, it is likely to send large numbers of students abroad, including to the United States, to gain graduate-level skills essential for development. The gap between older leaders and pragmatic young technocrats, prevalent throughout Asia, is already marked in Vietnam and likely to grow. In light of the idealism

20. Interviews, VNCP Central Committee headquarters, Hanoi, February 1995.

and political passion that have characterized other periods in Vietnamese life, an observer may question whether the political passivity of young Vietnamese will last if politics are suppressed indefinitely. A period of self-examination and sharp questioning of authority could occur some time in the next ten years.

Foreign policy

China, and how to cope with it, continues to dominate Vietnam's foreign policy perspective. Vietnamese policy analysts are pessimistic about relations with China, fearing either a successful or a chaotic future for the Middle Kingdom. Senior leaders, including People's Army of Vietnam (PAVN) officers, have argued in the past for conciliation and efforts to negotiate differences. Vietnamese point out, however, that China often appears deliberately to undercut such efforts.²¹

Vietnamese spokesmen say they will no longer attempt to seek one or more strong, extra-regional allies as a means of balancing off China, as they did with the Soviet Union in 1978. On the other hand, they expect ASEAN membership to accomplish some of the same purpose:

Sino-Vietnamese relations will be meshed within the much larger regional network of interlocking economic and political interests.... Anybody wanting to violate Vietnam's sovereignty would be violating the interests of other countries as well. This is the ideal strategic option for Vietnam. It is also the most practical.²²

And, although there were many reasons for Vietnam to want normal relations with the United States, hedging against Chinese moves affecting its interests was doubtless one.

21. For instance, China chose to sign an agreement in the Great Hall of the People with the Crestone oil company for exploration in an area on Vietnam's claimed continental shelf in May 1992 during an official visit to Beijing by Vietnamese party secretary Nguyen Van Linh.

22. Vietnamese Foreign Ministry official, cited by Carlyle Thayer in *Southeast Asian Affairs 1994* (Singapore: Institute of Southeast Asian Studies, 1994), p. 365.

Military developments

Vietnam's military strength has been reduced significantly since the immediate post-war period and the era of the Cambodian occupation, from a high of 1.2 million under arms to a reported 572,000 overall in 1994.²³ Government priorities are clearly going to development needs. As in China, some PAVN units and personnel have turned primarily to economic activities. One observer estimates that about 10 percent of the standing army is now engaged in manufacturing or other enterprises.²⁴

Concessional military supply arrangements with the Soviet Union dried up with the USSR's demise. The Cam Ranh base agreement is still in force, running through 2004, partly as a means for Vietnam to repay loans to the former USSR totalling ten billion rubles. Both Vietnam and Russia have expressed interest in converting Cam Ranh to a commercial center. Vietnamese officials have visited Subic Bay in the Philippines with the idea of using it as a model.²⁵

Hanoi, like its neighbors, is focused on the growing importance of protecting maritime interests. Current policies, however, appear to be to defer acquisition of new military systems for this mission. Rear Admiral Mai Xuan Vinh, writing in August 1994 in the journal *Tạp Chí Quốc Phòng Toàn Dân* ("All-People's National Defense Review"), noted that

... with the population explosion and the gradual drying up of the natural resources on the mainland, countries with a coastline are looking out to sea... actively building ocean-coastal economic centers. History shows that coastal countries that have fully exploited the strengths of the sea have become rich and powerful.

23. International Institute for Strategic Studies, *The Military Balance*, 1994. (London: October 1994).

24. Thayer, Carlyle A., "Vietnam's Developing Military Ties with the Region: The Case for Defence Cooperation." Working Paper No. 24, Australian Defence Studies Centre, Canberra, June 1994, p. 2.

25. Ibid.

Admiral Vinh calls for a gradual buildup and modernization of the Vietnamese navy, but also notes the importance of "coordinating national defense and security with the economy," and emphasizes that the process will be expensive and time consuming. In the meantime, continued application of "people's war line" to maritime defense will be required, as well as promoting "ocean militia and self-defense forces."²⁶ A program to increase civilian populations in coastal areas and islands, and develop tourism and other enterprises, would serve as an adjunct to military measures and increase the capacity of such areas to resist incursion from the sea.²⁷

Interviews with senior military officials in Hanoi in February 1995 appeared to confirm that current plans are to refurbish old equipment to extend its service life, delaying acquisition of expensive naval platforms and systems until economic reform has established a better base for expansion. Vietnam did recently buy two missile craft from Russia, adding to an existing squadron of eight Osa-class boats with Styx antiship missiles. Its navy is judged less capable than any other in the region, however, with the exception of the Philippine navy, and in particular "is no match for China's much larger and more effective navy."²⁸

U.S. military relations with Vietnam

Normalization of relations with the United States and Vietnam's ASEAN membership make it highly desirable that the United States determine whether, and if so how, it would like military relations to develop in the future. Vietnam's military establishment is still an important element of the country's leadership, and one that has been relatively isolated from global and regional developments. Military-to-military contacts can play an important role in the process of consolidating bilateral relations and assisting Vietnam's regional integration.

26. FBIS-EAS-94-213, 3 November 1994.

27. "Making Sense of Vietnamese Politics: Current Trends and Recent Events, June 1993-March 1994," draft article by Lewis M. Stern.

28. Joseph R. Morgan, "Porpoises Among the Whales: Small Navies in Asia and the Pacific," East-West Center, Honolulu, March 1994.

Questions of ship visits, combined exercises, an MOU on status of visiting military personnel, education and exchanges, sales of equipment, and other programs conducted with other ASEAN members need to be addressed in a context that takes account of U.S. needs, ASEAN relationships, and perceptions of other regional countries, including, importantly, China. Issues of use of Cam Ranh Bay and other facilities in Vietnam may arise. Some analysts will view U.S. relations, including military relations, with Vietnam as a hedge against Chinese assertiveness and expansionism. This view needs to be balanced by consideration of equities with China and avoidance of manipulation.

Other Southeast Asian countries

Brunei

With a population of just 260,000 people, 29 percent of whom are foreign,²⁹ and vast income and financial reserves from oil and gas production, Brunei would be vulnerable and thus potentially destabilizing in the absence of regional political and security structures. ASEAN has provided the necessary framework for the country's independence since 1984. It will almost certainly continue to do so, although any upheaval in the domestic political situation would put strains on Brunei's neighbors. Contacts with Iran in 1994 sparked some concerns that radical Islam could feed on closed politics and lack of outlets for individual expression.

Oil and gas, largely contracted to Japan, will continue to provide the bulk of Brunei's income. Moves toward diversification, e.g., manufacturing, are hampered by the attractiveness of government jobs and other social largesse. Brunei's economic integration in the region will be enhanced if the East ASEAN Growth Triangle, comprising outer island areas of Malaysia, the Philippines, and Indonesia, as well as Brunei, takes off. Brunei has had close defense ties with Singapore since before independence and pursues a version of Singapore's "poisoned shrimp" strategy with small forces armed with late-model weaponry.

29. "Brunei Darussalam in 1994," *Asian Survey*, February 1995, p. 219.

Myanmar (Burma)

The isolation of Myanmar (Burma) on human rights grounds is giving way despite U.S. opposition, and would end if the release of Nobel prize winner and opposition leader Daw Aung San Suu Kyi from house arrest were followed by opening of the political system. In any case, investment from Singapore and penetration by Chinese traders coming south from Yunan is opening the country to market economics and other influences. If Myanmar does reverse 30 years of threadbare socialism and self-imposed isolation it will still have enormous infrastructure problems to overcome.

Myanmar's ASEAN neighbors worry that China will attempt to build close military relations with Rangoon and gain access to naval bases on the Indian Ocean, threatening their security. Up to now, however, the port facilities to which China has contributed appear limited, and China will not have the naval reach to do much in the area for many years. Myanmar's significance for security in the Asia-Pacific Region through 2010 will probably be limited. Its lack of control in border areas and the large quantities of opium grown and exported from its northern districts will be continuing problems for its neighbors (and for the United States in the case of opium/heroin base).

Cambodia

Cambodia's prognosis must be guarded in light of developments since the UN-supervised political system was put in place. Political factionalism, incompetence, corruption, the continued viability of the Khmer Rouge as an armed element, and remains of the war including several million land mines, pose immense obstacles to consolidation of state institutions and stable growth. ASEAN as an organization has assumed little responsibility for Cambodia's problems since the UN withdrew. This may change when Cambodia joins ASEAN, as it is likely to do before 2000, if other ASEAN members provide more assistance. Historic Cambodian-Vietnamese animosity could raise tensions again, and violence and crime will flourish internally at least in the short term, but it is unlikely that Cambodia will become the divisive and dangerous source of inter-state conflict that it was in the 1970s and 80s.

Australia

Australia, a close and durable ally with whom the United States has fought together in three Asian wars, is characterized by American defense officials as the "southern anchor" of U.S. strategy for the Asia-Pacific Region. Security relations remain very close, public questioning of defense cooperation with the United States has diminished with the end of the Cold War, and Canberra is a staunch advocate of continued U.S. military presence in Asia.

Australia's view of its own role in the APR began to shift toward a more Asian focus after the end of the Vietnam war, however. This evolution in strategy picked up momentum with the publication of the 1986 Defense White Paper, and by 1995 had produced significant changes in Australia's military relations in the region. Australia's unique perspective will contribute to regional stability, but will lead it to diverge from the U.S. on some issues in the future.

Australia's strategic perspective

The Australian shift away from thinking of itself as a western outpost in Asia, toward an independent defense posture and a concept of security in cooperation with its Asian neighbors, was crystallized in a review of Australia's defense capabilities written in 1986 by Paul Dibb, preeminent Australian strategist and advisor to governments. Its main points were that Australia would be most secure in a "*strong stable [Southeast Asian] region free from external pressures.*" Southeast Asia and the South Pacific are Australia's "*sphere of primary strategic interest.*" Any threats to Australia will come from outside this sphere and have to pass through the "air-sea gap" between Australia's northern coast and insular Southeast Asia. Thus, "*In defence terms Indonesia is our most important neighbor. The Indonesian archipelago forms a protective barrier to Australia's northern approaches....*"³⁰ The paper went on to argue for strengthening military relations with the ASEAN countries.

30. Paul Dibb, *Review of Australia's Defence Capabilities: Report to the Minister for Defence*, (Canberra: Australian Government Publishing Service, 1986), pp. 3-4. Italics in original.

The 1994 Defence White Paper "Defending Australia" took these themes further, identifying the defense relationship with Indonesia as "our most important in the region and a key element in Australia's approach to regional defense engagement." A strong Indonesia will make it less likely that "any hostile third power could mount attacks on Australia." The paper notes that China is likely to be the most powerful new influence on regional strategy. Privately, Australian defense officials confirm that the latest White Paper is meant to signal some concern about China's future intentions.

In line with the shift toward more independent regional defense in the 1980s, Australia began a process of reorienting its forces toward the north, redeploying units and constructing "bare bases" for the RAAF. As the 1987 White Paper noted,

The fundamental importance of the sea and air gap to our security gives high priority to maritime (naval and air) forces capable of preventing an adversary from substantial operations in the area.³¹

Australia is modernizing its own naval forces with billion-dollar frigate and submarine programs, which enjoy bipartisan political support.

Australia has for several years argued for a "regional security architecture," one of whose major features would be confidence-building measures (CBMs). Australian officials and scholars have advanced numerous specific proposals, some with naval implications. To the extent these have been modelled on agreements reached at the Conference on Security and Cooperation in Europe (CSCE) they have largely been rejected by the Asians, whose preference is for informal contacts and understandings, and who are often uncomfortable with bolder forms of military "transparency." Australian defense officials have recently suggested a more nuanced approach that would concentrate on bringing Asian military experts, preferably uniformed, together to try to define possible CBMs.³²

31. The Hon. Kim C. Beazley, *The Defence of Australia 1987*, Canberra: Australian Government Publishing Service, 1987), p. 31.

32. Interviews, Canberra, February 1995.

Australian defense cooperation with Southeast Asia

In practical terms, Australia has made significant progress in consolidating military relationships in the region.

Oldest is the 1971 Five Power Defense Arrangements (FPDA), linking Australia, New Zealand, and the UK with Malaysia and Singapore. The FPDA involve commitments to consult in the event of attack, biannual exercises and defense staff meetings, combined staffing of an Integrated Air Defense System in Butterworth (Malaysia) commanded by an Australian, maritime patrolling, and periodic rotation of an infantry company through Butterworth. Australian forces benefit from direct experience in Malaysia and Singapore and expect the FPDA to continue indefinitely.

Australia and Indonesia signed a formal security agreement December 18, 1995, that consolidates the defense cooperation that has grown between the two countries over the past several years. Australia's involvement with the Indonesian military, especially the navy, has expanded substantially to include exchanges at all levels, defense policy and staff talks, visits and informal channels of communication between commanders on both sides, and a program of 25 to 30 Australian ship visits annually using small vessels that can dock at more remote port towns in the Indonesian archipelago.

Despite this pattern of activity, however, the new bilateral security agreement came as a surprise to most observers. It is seen by many as a move away from longstanding Indonesian nonalignment, and in part a response to China's actions and claims in the Spratlys. The agreement commits the two governments to "consult each other in the case of adverse challenges to either party or to their common security interests" and to consider individual or joint measures in response.³³

Australia maintains strong, if less intense, military relationships with the other ASEAN countries, and has already signalled its interest to Vietnam. It makes training areas on the Australian continent

33. "Personal Pact," *Far Eastern Economic Review*, December 28-January 4, 1996, p. 18.

available to Southeast Asian forces. Singapore, with virtually no training sites of its own, probably benefits the most.

Some muted undercurrents of concern about Asia as a potential source of threats remain among Australians. Locking Australia into partnership with Indonesia could mortgage policy to future unpredictabilities, for example serious border problems between Indonesia and Papua–New Guinea, still something of an Australian ward. Traditional concerns linger, such as massive illegal migration in the event of upheaval, disaster, or economic turndown in neighboring countries. Australia has in the past relied on the “technological edge” of its superior military equipment to offset its small size. Acquisitions by newly prosperous neighbors can reduce or eliminate this edge (although there is still confidence in superiority of training, doctrine, and integration of forces).

Such concerns are in the background, however. The dominant theme is satisfaction at the benefits Australia’s turn toward Asia is winning. From the standpoint of the United States, Australia’s deeper defense involvement with Southeast Asia realizes shared goals: regional stability and defense resiliency and multilateral cooperation. They also give Australia excellent access to, and understanding of, regional force capabilities.

Relations with the United States

Defense relations with the United States are probably better than at any time in recent decades. The end of the Cold War removed the nuclear targeting issue from Australia’s hosting of joint facilities. In fact, Australia’s interest in the facilities for monitoring other security threats is probably more apparent in the post-Cold War era. Political acceptance of the relationship is widespread and bipartisan.

Australian strategy is based on self-reliance but requires a strong regional U.S. military presence to be viable. Security in a future APR is seen as resting on a difficult balance of power between competing

regional and external major powers—China, Japan, Russia, India,³⁴ and the United States—with limited room for maneuver for middle powers like Australia. Ultimately,

it is only through strengthened multilateral institutions that the smaller states of Asia will be able to face the twenty-first century with greater confidence, and that great powers like China can be encouraged to work within a peaceful regional order.³⁵

In both short and long terms, but especially before a security structure is in place, Australian strategists see a strong U.S. role as required. It is not, however, seen as assured. The real question is not global military power, but staying power and willingness to remain engaged in Asia.³⁶

Despite Australian support for and reliance on U.S. engagement and military presence in the region, defense officials and academics note that Canberra's shift toward an Asian identity means it is likely to "diverge and dissent" increasingly from the United States on regional issues in the future.³⁷ Pressed for specifics, they cite matters more of style in dealing with Asian governments than substance.

Some divergence may result from a clear Australian wish to sustain an independent role for itself in Asia, and not be seen as a junior partner to the United States. Australia's perspective on the region is that of a middle power, more sympathetic than Washington to concerns of

34. Australian leaders have been more inclined than other regional parties to view India as a potential player in the security affairs of East Asia. This may reflect in part a wish to balance growing Chinese power. In the 1980s, when India was widely believed to be trying to build naval forces able to control the Indian Ocean, it probably also reflected a wish to incorporate Indian forces into a regional security system. Some Australian scholars now believe that India will not become a major regional power, but there are still differing views on the role it might play.

35. Dibb, Paul, "Towards a New Balance of Power in Asia." Adelphi Paper 295, International Institute for Strategic Studies (London: Oxford University Press, May 1995), pp. 59–69.

36. Ibid., p. 38.

37. Interviews, Australia, February 1995.

other middle powers. This is manifested, for instance, in greater willingness to sympathize with Malaysian/Indonesian efforts to regulate transit through the straits.

Australia may also be reluctant openly to support U.S. encouragement of more multilateral military exercises in the APR. Partly this is because they are more inclined than us to let ASEANs set the pace of multilateralization, and are more sensitive to the political dimension. Australia has had some success in bringing local navies together informally. Besides wanting to play an independent role, Australian officers believe that U.S. involvement often adds a disparity of power, and an element of "face," that intimidates local navies. They argue that USN capabilities are so much greater than those of Southeast Asian navies that the latter, while happy to exercise bilaterally with us, are reluctant to expose the disparities and their apparent shortcomings to third parties. As a general rule, according to one Australian naval officer, "the more participants, the greater the level of embarrassment."³⁸

New Zealand

Geography, size, and limited military capabilities will constrain New Zealand's security role in Southeast Asia, but it will continue involvement through the FPDA, close defense association with Australia, and bilateral relations. New Zealand legislation barring nuclear-powered warships from its ports is not likely to change in the near term, and Wellington is unlikely to relax policies on nuclear weapons carriage—a pair of actions that caused the United States to suspend the alliance relationship and terminate port calls and exercises with New Zealand forces. By raising the visibility of nuclear issues in general, France's South Pacific nuclear test series in late 1995 has made it even less likely that New Zealand will modify its nuclear stance.

Even with reduced forces, New Zealand is likely to continue to play a role in Southeast Asian security in the future. The U.S. ban on American forces exercising with New Zealand may limit U.S. ability to become involved in some future combined activities it would otherwise wish to take part in, including any under FPDA aegis.

38. Ibid.

Trends in Southeast Asia with potential to affect regional security

Some of the uncertainties in Southeast Asia's security future center on region-wide trends, others on projections of potential problems already visible or predictable.

Economic development

Likely trends in Southeast Asia's economies are covered extensively in another section of the APR study³⁹ and will not be recapitulated here. There is good reason to expect the ASEAN economies to continue to record high growth rates during the period, levelling off somewhat as they mature.⁴⁰ Southeast Asia is a likely target as Japan continues to export portions of its economy offshore, but other Asian and extra-regional sources of capital, including China, will be involved as well.

Some implications for security are:

- Growing trade surpluses with the United States, and increased likelihood of trade frictions, may be an element of U.S. regional relations as Japan uses the area as an export platform. ASEAN

39. Heginbotham, op. cit.

40. A contrary view—that Asian growth is likely to slow because it has not been accompanied by high increases in labor productivity—has been advanced by critics including Paul Krugman ("The Myth of Asia's Miracle," *Foreign Affairs*, November–December 1994, p. 62). The implications of prolonged economic failure for stability and security in several Southeast Asian countries would be serious and would change important conclusions of this study. The critics' argument appears intended to deflate the most extreme projections about Asian economies, however, rather than to predict failure, which—in the view of the APR study team—is a low-probability scenario.

economies are already relatively open, however, and trade disputes are not likely to reach the abrasiveness of U.S.-Japan trade relations.

- As intra-Asian trade and investment flows become a larger part of total Asian economic activity, the United States is likely to become relatively less important to the Southeast Asians. In absolute terms, however, the United States will still be a major partner for the region. The United States will still have a competitive edge in certain areas—capital goods, services—that, if exploited, will keep the United States a key player.
- ASEAN countries will compete increasingly with China (and perhaps India) for foreign investment and technology. Countries that can offer a package including management, design and engineering services, relatively low cost labor, and English-language capability will do best. A good university and technical school base will be essential. Demand for education in the United States, traditionally high in Southeast Asia, will continue or increase.
- At the same time, investment flows from ASEAN to the rest of Asia will further increase interdependency, with Singapore leading this trend.

Economic interdependence is likely to constrain freedom of action of the ASEAN countries in dealing with traditional security disputes, and put a premium on the ASEAN system of non-confrontational, consensual problem-solving that has already evolved. The manufacture of Malaysian Proton automobile engines in the Philippines, for example, will tend to dampen further any renewal of territorial disputes such as the old Philippine claim to Sabah. Further, as economies are liberalized and monetized (i.e., more investment in the form of stock portfolios and bonds), the market will punish instability and conflict. "The imperatives of politics will give way to the imperatives of economics."⁴¹

41. Comment to the writer by Dewi Fortuna Anwar, Head, Regional and International Affairs Division, Centre for Political and Regional Studies, Indonesian Institute of Sciences, February 1995.

Political evolution

This paper will not attempt to predict political development in ten countries with governments ranging from free-swinging democratic to reforming Leninist. Several trends, however, appear likely to help shape the process over the next decade and more. Change will be gradual and evolutionary in most cases.

- Economic development may not require or automatically generate democracy, but evidence suggests that, as economies develop past a certain point, they become too complex to run through decisions by a restricted, centralized authority. Wider autonomy in making decisions and greater access for new groups in society appear to be required. Without some degree of pluralism and devolution of authority, growth slows or stops.⁴² The opening of the political process that has occurred in South Korea and Taiwan may validate this theory and presage similar openings in authoritarian Southeast Asian states.
- The rise of an educated, prosperous middle class is likely to generate demands for more political access, and more issue-based political processes. Successful, pragmatic managers and entrepreneurs will increasingly supplement traditional sources of politicians—bureaucrats, retired military officers, and rural landowning dynasties, for example.
- Southeast Asian leaders will have less room for adventurous policies than in the past, because market feedback will be more prompt and more politically painful than in the past.
- Younger leaders in several countries express impatience with post-colonial mantras. Old taboos are already giving way, e.g., tolerance of Chinese shop-signs in Indonesia and a return to English-language university instruction in Malaysia. Even the notion of some Japanese military presence in the region is considered unemotionally by some younger politicians and

42. James W. Morley and M. E. Sharpe, eds., *Driven by Growth: Political Change in the Asia Pacific Region* (Armonk, NY, 1993).

officials,⁴³ although a Japanese defense role in the region would probably not be generally accepted in this study's time frame.

- The communications and information revolution will, among other effects, generate a greater sense of Asian identity among the young across ethnic and national lines.

Collectively, with considerable variation between states, these trends suggest the likely emergence of a new breed of political leadership. It is likely to be freer of post-colonial imperatives and more self-confident, more pragmatic, more centered on Asia, and more dependent on economic success than its predecessors. It will probably also be more representative of domestic political views and less inclined or able to deal with difficult issues, including international ones, outside public scrutiny.

ASEAN's future course

ASEAN's purpose as an economic and cultural organization has not masked its security objectives. Its cohesion and effectiveness grew as it responded to Hanoi's victory in 1975 and to Vietnam's invasion of Cambodia in 1978. It successfully bridged widely differing national perspectives, leveraged U.S. and other outside support for its own objectives, and enlisted major global powers as "dialogue" partners whose foreign ministers now travel annually to an ASEAN capital to meet counterparts.

During the Cold War, ASEAN propounded the concept of Southeast Asia as a Zone of Peace, Freedom, and Neutrality (ZOPFAN), based on the ostensible strategy of keeping the major powers out of regional affairs. It was a doctrine without practical application, however. ASEAN goals now appear openly to be to encourage and manage the regional involvement of external powers to ensure balance.

A principal success of the organization has been to solve or shelve the myriad territorial and other disputes between its members. This is

43. Interviews, Singapore and Bangkok, October 1994.

accomplished less through formal mechanisms than through the invisible corridor diplomacy practiced by a cadre of senior ASEAN diplomats who have established personal relationships at the countless meetings held under ASEAN sponsorship. This nonconfrontational, very Asian method of handling disputes—the “ASEAN way”—is often misunderstood by Westerners as ineffectuality or disarray. Although it has limits, the system has been well suited so far to regional problems.

The problems of the coming decade, however, will put new stresses on the ASEAN system.

- Vietnamese membership (July 1995) adds a strong voice on the side of resisting, rather than conciliating, China, especially on the immediate issue of territorial claims in the South China Sea.⁴⁴ ASEAN officials are well aware of their new member's history and orientation, and express determination to prevent the organization from being used as a base for confronting Beijing.⁴⁵

On non-Chinese issues Vietnam is likely to be a middle-of-the-road member. For example, Hanoi rejects the Malaysian proposal for an East Asian Economic Caucus excluding the United States and Australia, favoring the broader APEC forum instead.

- ASEAN stepped overtly into East Asian security matters with the formation of the ASEAN Regional Forum (ARF) in July 1994. The Forum includes China and Russia as well as other dialogue partners.⁴⁶ ASEAN spokesmen have deliberately played down expectations for any early visible progress on major issues.

44. “Vietnam as a member of ASEAN would have some effect on Hanoi–Beijing relations. Particularly in the conflict over the Spratly Islands, China would find it more difficult to isolate Vietnam as it would no longer be possible to treat Vietnam separately from the other ASEAN claimants to the islands. This would temper any Chinese intentions to put military pressure on the Vietnamese presence in those islands which Hanoi currently holds.” Hoang Anh Tuan, “Vietnam’s Membership in ASEAN,” *Contemporary Southeast Asia*, December 1994, p. 269.

45. Interviews, ASEAN capitals, October 1994 and February–March 1995.

Critics, including some Southeast Asian analysts, call it a "talk shop" with little prospect for coming to closure on serious problems like the Spratlys. Criticism may focus too much on the ARF's formal deliberations and bland final communiques. The ARF offers an opportunity to set the security agenda for Southeast Asia: China cannot, for instance, simply duck any discussion of the South China Sea.

On the other hand, the ARF under ASEAN leadership probably does not have the weight and direct involvement necessary to address security issues in Northeast Asia.

- Enlargement of ASEAN membership to ten by 2000 could make it even more difficult to reach consensus decisions, and could lead to blocs within the group.
- A host of tough intra-ASEAN problems is likely to arise by 2010, including the cross-border effects of the environmental degradation already so pronounced in Southeast Asia. Resource disputes have been handled well to date, e.g., bilateral joint development agreements have been reached for continental shelf exploitation. Fishing disputes with domestic political repercussions are likely to become more acrimonious, however, as stocks become scarcer and their value grows.

Fishing fleets of several ASEANs are among the world's largest. Thailand saw boat registrations double between 1970 and 1980, while the catch per boat decreased in the same period from 260 to 100 metric tons.⁴⁷ Clashes between patrol boats and fishing vessels belonging to Thailand, Vietnam, Malaysia, and other ASEANs are frequent. Agreements settling overlapping continental shelves and exclusive economic zones (EEZs) should reduce such problems, when they can

46. ARF membership consists of the ASEAN seven, the United States, Japan, South Korea, Australia, New Zealand, Canada, the European Union, China, Russia, Laos, Cambodia, Myanmar, and Papua-New Guinea.

47. Dzurek, Daniel J., "Resource Disputes in the South China Sea," paper for a conference on the South China Sea sponsored by the American Enterprise Institute, September 7-9, 1994.

be negotiated. China's claims may put such negotiations on hold in some cases, however, and disputes over fishing between ASEAN countries and China may grow.

ASEAN defense cooperation and modernization

All the ASEAN states have bilateral defense arrangements with outside powers. A "spider's web" of low-level, bilateral security cooperation among ASEAN members has existed for some time, and has expanded in recent years. A combination of factors, however—the end of the Cold War, concerns about China, growing strength and confidence of Southeast Asian governments, and doubts about the reliability of external defense ties—has caused ASEAN members to establish a more formal and institutional defense dialogue. Senior ASEAN military officials now meet regularly, for instance.

There are still sharp limits on multilateral cooperation, however. Indonesia and Malaysia are the most reluctant. Some observers attribute this reluctance to views of current leaders and predict that future governments could take a more forthcoming approach. Singapore and Thailand are the most open and have exercised together with the United States in an annual air force exercise in Thailand. Singapore forces have trained in Indonesia. (Singapore–Malaysian military cooperation will probably be constrained for some time.) As Philippine capabilities grow, Manila is likely to welcome multilateral cooperation.

Vietnam is likely to be an enthusiastic advocate of increased intra-ASEAN military cooperation. According to a Foreign Ministry official, Hanoi intends to participate fully in the military side of ASEAN and has already exchanged visits and other contacts with Indonesia, Malaysia, and the Philippines.⁴⁸

Although ASEAN states will acquire new military systems with the more abundant resources their economic growth is providing, there is as yet no evidence of a reactive arms race among them. The proportion of GDP spent for defense has remained close to constant.

48. Interview, Hanoi, February 1995.

According to some military officials, Indonesia, Malaysia and Singapore have an arrangement under which each notifies the others of procurement of new types of military equipment. According to the officials the procedure was followed when Indonesia bought naval vessels from the defunct East Germany, when Malaysia purchased MiG-29s, and when Singapore ordered E-2C Hawkeye aircraft. Evidently, no objections have been raised to date.

On the other hand, Thailand's acquisition of a small carrier (from Spain: expected delivery 1997) has aroused concern in Malaysia, where defense and security officials say they do not know what the purpose is and wonder out loud if it is directed toward Malaysia. Singapore, Thailand, and Malaysia all discuss possible purchase of submarines, but have not made decisions, in part because of concerns of their ASEAN neighbors. Singapore defense officials say their country, despite its vulnerability and resource base, will not be the first to introduce new systems into the region that could prompt competition.

Considerations of interoperability and potential coalition operations appear not to play a major role as yet in ASEAN defense acquisitions. More concrete perceptions of a threat external to ASEAN could generate more coordination in defense purchases, but this is probably a long way off, and the results would be slow to materialize.

The Philippines, with the weakest forces in the region, is about to embark on a 15-year, \$12 billion modernization plan, of which \$4.4 billion will go to the navy. The aim is to have a coastal defense navy capable of patrolling the Philippine archipelago,⁴⁹ but this is some years off. Increased capability to patrol the Spratlys ("Kelayaan") might bring the Philippine navy into confrontation with Vietnam and Malaysia as well as China, although the terms of the Spratly dispute are likely to have changed by the time new Philippine navy acquisitions enter the force.

49. Philippine Navy Chief of Staff to the writer, Manila, February 1995.

China and Southeast Asia

Southeast Asian leaders expect China's reforms to succeed, and China to be a powerful influence in the region by 2010. Given China's size, its economic growth and markets will be a powerful engine for East Asian prosperity. But Southeast Asians are apprehensive about China's intentions, and wonder what adjustments they will have to make to accommodate its power. Part of this apprehension is the perception that China moves suddenly and unpredictably. They have taken the initiative to bring China into regional consultations and maintain a positive declaratory policy toward Beijing, while privately expressing concern and acknowledging that there is little they can do, even collectively, to resist assertive Chinese moves.

China was a late Cold War-era ally of ASEAN. It terminated support for local insurgencies in the 1980s and allied itself with ASEAN against Hanoi's occupation of Cambodia. Most ASEAN governments welcomed normalized relations with China and its role in offsetting Soviet military presence, without forgetting China's precolonial era tributary relationships⁵⁰ or post-revolutionary efforts to undermine non-communist rule. Following the UN-sponsored settlement in Cambodia in 1991, differences with Beijing, and potential challenges, have become more apparent.

Indonesia has historically been the most resistant to China's assertion of a role in Southeast Asia. Reasons range from concern about Indonesia's domestic ethnic Chinese minority and resentment at the role China is believed to have played in the 1965 coup attempt, to Indonesia's self-perception as the natural regional leader by reason of

50. Chinese scholars, in public discourse, do little to dispel the impression that China regards the geographic reach of its Ming Dynasty tributary past as a model for the future. For instance, Dr. You Ji, writing in 1993, noted that for the PLA Navy the concept of "green water" operations (i.e., those off its own coast) "embraces Chinese waters adjacent to Vladivostok in the north, the Straits of Malacca in the South, and continues to the first island chain of the Western Pacific in the East." "The PLA Navy in the Changing World Order: the South China Sea Theatre," in *Maritime Power in the China Seas*, ed. Dick Sherwood, (Canberra: Australian Defence Studies Centre, 1994).

size and potential power. According to one senior Indonesian defense official, "China considers Southeast Asia as its backyard, and we as its subjects." Indonesian analysts believe China will try to dominate the region and seek to ensure that Beijing is involved in every important regional decision. They cite China's putative expansion into Myanmar (Burma) as evidence of an effort to gain a foothold, making it essential to bring Burma into ASEAN despite the abysmal human rights record of its ruling junta.⁵¹

Malaysia had been similarly wary of China for most of its history. China supported communist insurgents and their leader Chin Peng long after they were reduced and pushed into the Thai-Malaysian border area, and the Malay political leadership was long concerned about the effect a successful China would have on Malaysia's substantial ethnic Chinese community. Malaysia's economic success starting in the 1970s, and a rising, prosperous Malay middle class have generated more confidence. Prime Minister Mahathir has made a deliberate public effort to dispel the image of China as a threat.

Vietnam's millennial history of resistance to China, and China's sometimes ill-concealed disdain for its former vassal, generate antipathies that will last well into the future and add acrimony to bilateral differences. A number of land border disputes have been resolved, and economic interest will give both sides reason to cooperate. China-Vietnam relations are likely to be civil at best through 2010, however. Disputed ownership of the Spratly Islands could again lead to armed conflict (see below), and other territorial/resource disputes exist, e.g., in the Tonkin Gulf and off Vietnam's southern coast.

The alternative view in ASEAN is chiefly represented by Thailand, which also endured a Chinese-supported insurgency in the 1960s and 70s, but whose geopolitical and domestic situations cut in another direction. Thailand's ethnic Chinese community easily assimilates into the mainstream culture. Because Thailand is historically competitive with Vietnam, its leadership appreciated China's pressure against Hanoi in the 1980s. However, Thai national security officials harbor long-term reservations about China and the potential

51. Interviews, Jakarta, February 1995.

influence it might exert through migration of Chinese workers and traders in Southeast Asia.

The Philippines, where assimilation has been relatively easy, and Singapore, where the dominant culture is Chinese, hold views on China close to those of Thailand. China's occupation of Mischief Reef, some 160 miles from Palawan, alarmed the Philippine leadership, but highlighted the inability of Manila to do much to counter such moves.

A crisis over Taiwan leading to military action by Beijing would be seen as profoundly destabilizing by all Southeast Asian governments, no matter what the outcome. Most view it as unlikely, however, believing that economic interest will probably prevail in both Taipei and Beijing. China's handling of Hong Kong reversion in July 1997 will be watched carefully in Southeast Asia as well, although the question will be less one of democratic rights than one of continuance of the rule of law and stability in commercial and financial institutions.

South China Sea: potential for conflict

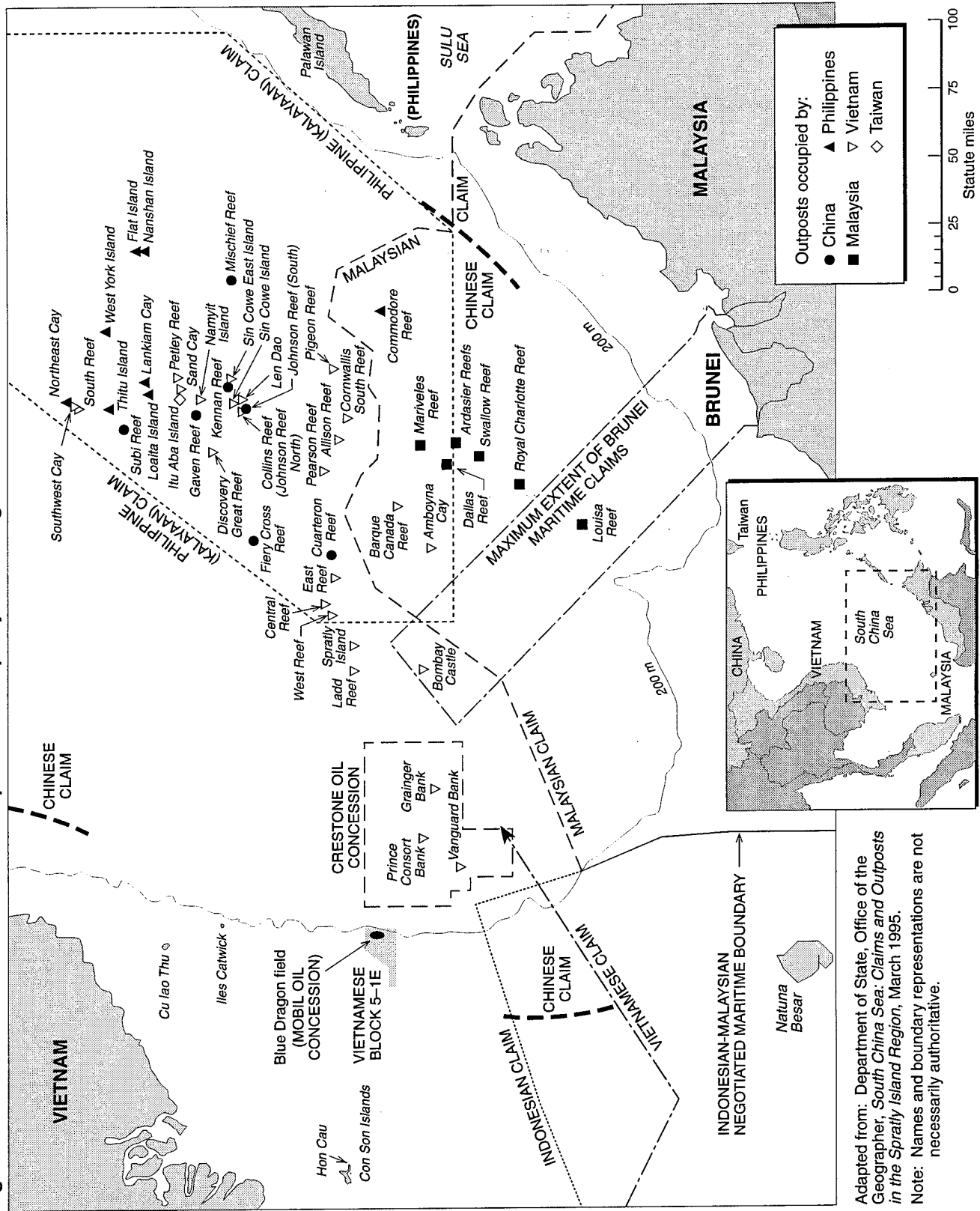
Competing territorial claims in the South China Sea (see figure 1) are the most serious potential source of conflict in Southeast Asia.

China asserts sovereignty over the Spratly and Paracel island groups as historic Chinese territories. Beyond this, some Chinese have asserted that virtually the entire South China Sea is China's "historic waters." Twice, in 1974 and in 1988, China has used military force against Vietnamese garrisons in the islands. In early 1995 it challenged the Philippines by occupying Mischief Reef on that country's claimed continental shelf.

Beijing's claims compete with overlapping assertions of sovereignty or economic zones by the Philippines, Malaysia, Vietnam, Brunei, and Indonesia (as well as Taiwan, with whom Beijing appears to have cooperated at least tacitly).

The UN Convention on the Law of the Sea (UNCLOS) entered into force in November 1994, but contains no provisions for resolving land sovereignty disputes like the Spratlys. There is no other ready mechanism for solving these competing claims. Left to themselves the

Figure 1. South China Sea: Claims and Outposts in the Spratly Island Region



ASEAN disputants and Vietnam could probably find a way to shelve the claims and exploit the Sea's resources. China, however, refused to accept a 1992 ASEAN declaration calling for restraint and non-use of force to resolve disputes over the Spratlys, and has said it will deal only bilaterally with other claimants.

China's approach

China bases its claim to the South China Sea islands on discoveries by Han Dynasty navigators in the second century B.C., regular use by Chinese fishermen, and (mostly theoretical) administration from Guangdong Province since the Ming Dynasty. It traces its modern-era claim to an 1887 convention with France dividing the Tonkin Gulf following the Sino-French war of 1884-5.⁵² However, China made no effort to occupy the Spratlys (unlike the Paracels) until after World War II. Japan did occupy the islands in 1939, along with the other island groups in the South China Sea, establishing a submarine base at Itu Aba. After the war Nationalist China took the surrender of Imperial Japanese forces in the area, occupied Itu Aba Island, and formally asserted its claim to all the island groups, including the Spratlys, as part of Guangdong province in 1947.⁵³

The PRC assumed Nationalist China's claim following the communist takeover of the mainland, but did not begin occupying Spratly islands and reefs until 1987. The PLA Navy clashed with Vietnamese naval vessels in the Spratlys in 1988, sinking three. Early in 1992 China took further steps to reinforce its claim. On February 25 it promulgated a Law on the Territorial Sea and the Contiguous Zone that asserted that all the South China Sea islands are included in the land territory of the PRC, and have territorial seas of their own. (China has not yet declared baselines for drawing territorial sea, contiguous zone, and

52. "The Spratly Islands Dispute," draft paper prepared by Bradford L. Thomas for *Island and Maritime Disputes of Southeast Asia*, a seminar convened by the Geopolitics and International Boundaries Research Centre and the Centre for Southeast Asian Studies, SOAS, London, May 10, 1993 (updated 1995), pp. 2-3. Also Marwin S. Samuels, *Contest for the South China Sea*. (New York: Methuen, 1982), p. 76.

53. Samuels, p. 52-3.

EEZ/continental shelf claims in the South China Sea, or anywhere on its coast.) Also in February 1992 China garrisoned another Spratly reef. On May 8 it signed an agreement with the Crestone Oil Company for exploration in an area southwest of the Spratlys claimed by Vietnam as its continental shelf. Beijing promised Crestone "full protection."

Taiwan keeps a relatively large force on Itu Aba island, reportedly supplying fresh water from that island to PRC forces on neighboring reefs.⁵⁴

The Chinese describe the South China Sea claims as territorial issues on which no compromise is possible, like Taiwan and Hong Kong. There is little doubt that nationalist feelings centering on China's 19th-century weakness vis-a-vis Western power are a factor in the island claims. A significant step in China's slide into semi-colonial status was the loss of its Fu Chou fleet to the French Navy, as part of France's campaign to complete the takeover of Vietnam and adjacent islands in the South China Sea, in a brief naval battle in August 1884. At least one scholar has pointed out that while China could do little regarding maritime claims during the period of Sino-U.S. hostility, conditions changed in the early 1970s, coinciding with oil exploration and LOS negotiations. This was the point at which China "began to emerge as a major maritime power in Asia... most clearly demonstrated in the southern maritime frontier."⁵⁵

Chen Jie, a Chinese scholar associated with the China Association for Social Sciences, wrote recently in *Asian Survey* that "regional countries have occupied China's islands and reefs, carved up its sea areas, and looted its marine resources," adding that China's moves in recent years are a "long-overdue and legitimate action to protect its territorial integrity." If China lost such territory, "the legitimacy of the communist regime would be questioned."⁵⁶ Interviews with several

54. Interview with senior Southeast Asian diplomat, Washington, April 1995.

55. Samuels, pp. 44-47 and 130-31.

56. "China's Spratly Policy," in *Asian Survey* Vol. XXXIV, No. 10, October 1994.

scholars in Beijing, Hong Kong, and Southeast Asia in October and November 1994 confirmed this view. "The Spratly issue is about what is China, and what is China's space."⁵⁷

Chinese representatives also point out that the claims are based on security and economic requirements. PLA Colonel Xu Xiaojun of the Department of Strategy, Academy of Military Science, wrote in February 1994:

Obviously, the South China Sea islands, which encompass some important sea lanes of communications, have strategic importance. In addition, this sea area has abundant oil and natural gas reserves. Therefore, the South China Sea concerns not only China's security interests, but also China's development interests.⁵⁸

In addition to the island claims, some Chinese representatives have asserted unofficially that most of the South China Sea is China's "historic waters" over which China has exercised sovereignty for centuries. To substantiate this claim, Chinese scholars and policy analysts refer to a 1947 Republic of China map showing a broken dotted line extending along the coasts of Vietnam, Malaysia, Brunei, and the Philippines, at its bottom intersecting Indonesia's claimed continental shelf near Natuna.⁵⁹ Particulars of this assertion, seemingly incompatible with UNCLOS, and what it might mean have been left vague.

57. Tai Min Cheung, scholar and journalist based in Hong Kong, to the author, November 1, 1994.

58. Paper delivered at the 1994 National Defense University Pacific Symposium, Fort McNair, Washington, DC.

59. The broken line on this map was probably intended in 1947 to show the sea area within which China claimed the islands—but not to claim the waters themselves. Use of such a line to separate island claims is a cartographers' convention used by many countries, including the United States (in the Bering Sea). The concept of claiming large sea areas, e.g., continental shelves and exclusive economic zones, was not in currency until 1949. The Office of the Geographer, Dept. of State, believes that Chinese statements suggesting a "historic waters" claim based on this line are attempts to back-fit jurisdictional meaning into the map.

In May 1995 Beijing took a step backward from this "historic waters" claim (see below), but has not formally disavowed it.

Other claims

France, governing Indochina as colonial power, occupied some Spratly islands from 1933–39, continued a (Vichy) presence there during the war, and put people on the islands again in 1946. Vietnam announced its post-colonial claim to the Spratlys (and Paracels) in 1951, before full independence of either South or North, basing the claim on historical records. After 1954 both parts of Vietnam continued to assert the claim. After its victory over the South, in 1975 Hanoi sent forces to occupy 6 islands held by the latter, and has added 19 since, for a total of 25—considerably more than any other disputant. Hanoi's claim, however, is weakened by a statement by the Prime Minister of the Democratic Republic of Vietnam in 1958 that Vietnam "respects the Chinese decision" claiming all the South China Sea islands.⁶⁰

The Philippine claim to nearly all the Spratlys originated with activities of a private Philippine citizen in 1956, and was made official in 1978 on grounds of security and economics. Manila garrisons eight islands/reefs. Malaysia claims those Spratlys located on its continental shelf (an assertion not sanctioned in UNCLOS), occupying six of them. Spratly reefs are located on Brunei's claimed continental shelf, but its Foreign Minister has apparently excluded a claim to them.⁶¹

Indonesia claims no islands, but the above-mentioned Chinese "broken line" map showing the extent of Beijing's claims overlaps a portion of Indonesia's continental shelf near Natuna Island, where a contract for a \$35 billion gas project was signed with Exxon in November 1994.

60. "South China Sea and the International Practice of the Historic Title," paper prepared by Pan Shiyong, Institute for International Technological Economic Studies, Beijing, for AEI South China Sea Conference, September 7–9, 1994, p. 8.

61. Bradford L. Thomas, "The Spratly Islands Dispute," revised paper prepared originally for *Island and Maritime Disputes of Southeast Asia*, a seminar convened at the School of Oriental and African Studies, London, May 10, 1993, p. 3.

Indonesian "workshops"

Indonesia, as a country with no Spratly islands claims and a record of involvement in helping resolve Southeast Asian conflicts, convened a series of informal workshops starting in 1990 to try to lay the groundwork for resolving the problem. ASEAN countries agreed to deal first in these meetings with non-controversial issues such as environmental damage and biodiversity. On this basis China agreed to participate. The fifth meeting in 1994 was "rough," however, according to a participant. Indonesians proposed that participants agree on non-expansion of military presence, which Vietnam and ASEAN supported. China (and Taiwan) vehemently opposed this idea. China's representative said they would continue to take part in the workshops only if the agenda were limited to biodiversity.⁶² The others accepted, since there would be no point in continuing the meetings without China, but there is little hope that elements of a solution will emerge in this forum.

The U.S. and the Spratlys

The longstanding declaratory U.S. position has been noninvolvement in Spratly islands claims. The United States has called for peaceful resolution of the disputes, and indicated that Washington takes no position on the merits of particular claims. In the case of the Philippines, the United States has made clear it does not consider the disputed islands as part of the area covered by the Mutual Defense Treaty.

Officials of the Philippines and some other Southeast Asians have complained that this stance amounted to tacit acceptance of China's actions.

Worried about the potential for conflict and at the request of Southeast Asian countries, the United States modified its position on May 10, 1995, by stating for the record that it would "view with serious concern any maritime claim, or restriction on maritime activity, in the South China Sea that was not consistent with international law, including the 1982 United Nations Convention on the Law of the Sea."⁶³ Reacting to this, a Chinese Foreign Ministry spokesperson said on May 17 that

62. According to a Singaporean participant.

63. Statement by the Acting Spokesman, U.S. Department of State.

China's action to safeguard its sovereignty over the Nansha [Spratly] islands and the relevant maritime rights and interests will not affect navigation through and the freedom and safety of flights over the international waterway of the South China Sea in keeping with the international laws.⁶⁴

This formulation, by emphasizing the island sovereignty and maritime issues and conceding that the South China Sea is an "international waterway," appears to back away from the "historic waters" claim.

What's at stake in the Spratlys?

Continental shelf areas of the South China Sea contain substantial hydrocarbon reserves. Malaysia, Indonesia, and Brunei have been producing and exporting offshore oil and gas since the 1970s, and Vietnam began production in the late 1980s. Exploration and new production agreements continue. Contrary to some press reports, however,⁶⁵ industry executives and analysts do not believe there are commercially viable deposits of oil or gas under the Spratlys themselves.⁶⁶

64. Beijing Xinhua in English "On Spratlys 'navigation right,'" 18 May 1995, reported in FBIS-CHI-95-096, 18 May 1995.

65. For instance, the *Far Eastern Economic Review*, March 2, 1995, reported that a Russian study read at an energy conference in Manila in February 1994 asserted there were one billion tonnes of crude oil equivalent in the Spratlys.

66. The chief executive officer of one oil company active in the area told the author in an interview (April 1995) that all the signs suggest that the South China Sea basin will have same geologic structure as other basins where hydrocarbons are located, i.e., the reserves are on the rim, not in the Spratlys. Further, the Spratlys were initially formed by volcanic action, which "cooks out" hydrocarbon reserves. This view was confirmed by Charles Johnson, a petroleum expert at the East-West Center in Honolulu (interview April 1995). Present estimates of reserves under the Spratlys, based on test results, are 5 trillion cubic feet (TCF) gas and 100 million barrels of oil, neither in the range of viable production. According to Johnson, the major oil and gas areas are on the South China Sea continental shelf.

Fishing grounds in the Spratlys are highly productive, representing a major economic interest for any nation's fishing fleet. The Philippines is particularly dependent on fisheries and hatching areas in the Spratlys because it has a higher proportion of fish protein in its diet (34%) than any other littoral country.⁶⁷ The South China Sea bed may also have non-hydrocarbon mineral deposits worth mining, although it has not been explored.

This resource profile suggests that China would gain by establishing undisputed sovereignty over the Spratly islands, since this could give it EEZ/continental shelf claims it would not otherwise have.⁶⁸ It would, by the same token, disadvantage the Southeast Asian countries, whose continental shelf claims would otherwise encompass most of the South China Sea.

Joint development?

China has said it is willing to set aside the issue of sovereignty over the islands and agree on joint development of resources in the South China Sea, but only bilaterally with the littoral nations. According to Philippine sources, Deng Xiaoping made the offer directly to visiting

67. "Resource Disputes in the South China Sea," by Daniel J. Dzurek, in *South China Sea Conference*, September 7-9, 1994. Conference report, American Enterprise Institute, p. 11.

68. Whether islands like the Spratlys can be used as baselines for EEZ/continental shelf claims is open to some question. UNCLOS provides that to establish continental shelf or EEZ claims, islands must be able to sustain human habitation and economic life of their own. Few of the Spratlys have fresh water or cultivable land, and many are reefs or other "features" that are not above water at high tide. In the view of the Office of The Geographer, Department of State, however, a case can be advanced that some of the larger Spratly islands meet these criteria, using modern technology (e.g., desalinization plants) and considering economy in a broad sense (e.g., tourism). Discussion with the author, May 24, 1995. Another view is that "there would be little to support the view that substantial shelf claims, beyond the territorial sea limit, could be made in respect of" the Spratlys even if China's sovereignty is established. Jeannette Greenfield, *China's Practice in the Law of the Sea* (Oxford: Clarendon Press, 1992), p. 165.

Philippine Vice President Salvador Laurel in the late 1980s. Chinese Premier Li Peng offered joint development to Vietnam during a visit to Hanoi in November 1992. Foreign Minister Qian Qichen reiterated the offer at the ASEAN post-ministerial conference in Singapore in 1993.

In the aftermath of the Mischief Reef incident, without many options for responding, Manila decided quietly to test Beijing's intentions on joint development. It holds little attraction for other Southeast Asian claimants, however, and Vietnam has rejected it.⁶⁹ There are two major problems with joint development:

1. An agreement to share resources from the southern portion of the seabed with China would implicitly recognize the validity of China's claim to the Spratlys, since without the Spratlys China would have no right to such resources.⁷⁰ It would thus strengthen China's case in any eventual sovereignty negotiations.
2. Furthermore, most of the disputed territories involve more than two countries. China has up to now taken the position that it will negotiate joint development only bilaterally. Any likely deal between China and one other claimant to split resources would leave out one or more other Southeast Asian claimants, something most would consider contrary to the spirit of ASEAN. (China hinted in August 1995 that it might consider multilateral negotiations, but has not confirmed a formal change in policy.)

69. Interviews by the author with officials of the Institute of International Relations, Ministry of Foreign Affairs, Hanoi, Vietnam, February 18–24, 1995.

70. This is because any Chinese resource claim in the South China Sea would be generated from a Spratly islands claim. No other generally recognized Chinese territory, i.e., its coast or Hainan or Taiwan islands, is close enough to be the basis for claims in the Sea. This point is developed by Thomas, *op. cit.*

The outlook

The future course of the disputed claims in the Spratlys depends to a large extent on China's objectives in advancing the claims.

A number of Southeast Asian observers believe that China's primary objective is to increase political leverage on governments in the region to be attentive to China's interests. In this view, Beijing wants to be the local hegemon and a factor in important decisions made by Southeast Asian governments, and will use available leverage to this end. If this is the case, there will be no resolution of the issue, and it will continue to be a potential flashpoint.

Alternatively, some believe China's primary motive is to lay claim to as large a portion as possible of the resources of the Sea and its continental shelf areas. China's growing dependence on imported energy makes the hydrocarbons under the Sea especially attractive now. In this view, China will set aside or compromise on sovereignty issues at the point when it can gain maximum commercial advantage. If this is the case, all parties will have a common interest in stability for resource exploitation, and the potential for confrontation will diminish.

In fact, China's interest is probably a blend of the two. If so, Beijing's willingness to compromise to gain access to the resources will fall short of giving up on ultimate sovereignty over the islands.

Although prospects for resolution of the competing claims appear dim until one or more of the parties makes a major change in its position, all parties have reasons to avoid open conflict. Interests of all the Southeast Asian states, including Vietnam, would be damaged by a persistent high level of tensions, or hostilities, over the Spratly claims. It is not clear that armed conflict in the Spratlys would interfere with major shipping lanes, but commercial passage could become less secure and more expensive, threatening high growth rates throughout the subregion. Current oil and gas production in the continental shelf areas of all the countries could also become problematic, cutting into revenues of large producers like Indonesia. Exploration of new fields would be less attractive to Western oil companies.

The same factors apply to China; its interest in regional stability, its investment from and trade with Southeast Asian countries, and its own growing sea-borne global trade (including Middle East oil) all argue for compromise, not using force to assert Spratly claims. Thoughtful Chinese observers confirm this in private.⁷¹

But while the probability of armed conflict in the Spratlys may be low, it is not zero. It would pose long-term political costs for the United States, whose choices could be:

- Military intervention to deter or counter use of force to resolve the dispute, presumably directed against China, the most likely assailant. (This would be particularly difficult if, as is likely, Vietnam bore the brunt of China's attack.)
- Taking noninvolvement to its logical conclusion and standing aside as the claims are resolved by force—likely on China's terms.

The first could set us on a confrontation course with Asia's largest power, in a formative period for its new leadership and for its view of its place in the global system. The second could cause many Asian countries, including allies, to doubt whether U.S. military presence and political commitments are relevant to their national interests. In the latter case, we could find diminishing readiness to take U.S. interests into account in Southeast Asia, particularly requests for military access to onshore facilities and ability of U.S. military forces to transit the area.

In sum, the Spratlys are a tangled issue with no clear-cut solution. The importance of U.S. interests that would be affected argues for intensive efforts to use U.S. influence and leverage to avoid resort to force, and persuade claimants to negotiate multilateral arrangements on resource sharing.

71. Interview with retired senior PLA Navy officer, Beijing, October 1994.

Southeast Asian sea lanes

Elsewhere in this study⁷² commercial sea-borne traffic through the Straits of Malacca/Singapore and the South China Sea is projected to grow fourfold, substantially increasing the dependence of the global and regional economies on these sea lanes. Up to 200 large vessels—tankers or dry cargo carriers—now pass through the straits daily. An increase to 800 vessels per day, or an average of more than one every two minutes, through a passage that narrows to little more than a mile at places, would clearly represent a vulnerability.

Unimpeded access through the South China Sea and its exit/entrance straits will be required throughout the period for U.S. military vessels and aircraft, for routine purposes such as support of Diego Garcia, as well as for potential contingencies in Southwest Asia. Freedom of transit for commercial shipping will be a vital economic interest for the United States as well as Asian nations.

The probability of nationally directed military action to threaten or close the Southeast Asian straits and sea lanes appears to be very low. The states capable of such action are just those states whose interest in keeping the sea lanes open to commercial shipping will be greatest—Southeast Asian countries and their neighbors, including China, which will be increasingly dependent on Middle East oil coming through the straits. Terrorist attempts to close the straits are possible, e.g., by sinking a ship in a narrow section, but would probably not be long-lasting. International cooperation to defeat such terrorism would probably be intense.

Growing congestion could, however, produce non-military problems for shipping and potentially for Navy access. Malaysia and Indonesia have pressed for a system that would share revenue from commercial traffic, now largely accruing to Singapore. As congestion grows, the possibility increases that an accident or terrorist incident could cause extensive environmental damage. All three straits states, including Singapore, could react by attempting to go beyond the Law of the Sea

72. See Heginbotham, *op. cit.*

regime and extend mandatory traffic rules or restrictions in narrow portions of the straits.

Islam in Southeast Asia

The presence of Islam is widespread and pervasive in Southeast Asia. Indonesia contains the world's largest Islamic population, the Malay Islamic community dominates Malaysia's politics, and virtually every other country includes an Islamic minority. Several of the latter have launched armed struggles for autonomy or independence. These factors have led some observers to worry about a future challenge from fundamentalist Islam to political stability and U.S. regional interests.

In the form Islamic revolutionary movements have taken in Iran, the Middle East, and North Africa, this challenge appears unlikely. The Islamic tradition in Southeast Asia is historically moderate. Governments in Malaysia, and more recently Indonesia, have coopted politically active Islamic elements. States and societies allow considerably more access to economic opportunities and political outlets than in many Middle East countries. Almost nowhere can be found the poverty and hopelessness that breeds Islamic radicalism elsewhere.

It is conceivable that an exception might occur in the event of a sharp economic turndown and loss of jobs in Indonesia. Conditions in large urban agglomerations, especially in and near Jakarta, could begin to approximate in some ways the situation that fostered radicalism in Algeria and, earlier, Iran. Critics of the Suharto government have argued that in recent years it has frozen out the moderate side of political Islam represented by the old-line Nahdlatul Ulama (NU) and legitimized more fundamentalist elements. NU spokesmen have predicted dire consequences as a result of the government's refusal to open up the political process.⁷³ In light of the progress Indonesia has made as a secular state, its good prospects for continued growth, and the barriers in the Indonesian political system to radical Islamic

73. Schwarz, *A Nation in Waiting*, p. 192-3.

takeover—chiefly the dominant position of the Army—such concerns may be inflated.

The Malaysian government's move against a small Islamic fundamentalist movement, Al Arquam, in 1994 was more indicative of the Malaysian political elite's concern than of the scale of the threat. National Front governments, dominated by the United Malays National Organization (UMNO), have traditionally been vigilant to prevent Islamic themes from getting out of hand, on the unspoken assumption that even the appearance of granting legitimacy to such groups could endanger the communal stability that has prevailed since 1969. Al Arquam was considered by most observers to be little threat, and its leaders quickly recanted on national television.

Where Islam is a minority and has been oppressed in the past, as in the southern Philippines, disaffection is serious and may be a chronic problem through 2010. In Mindanao, breakaway extremist groups include members with training and experience in the Afghan resistance. The most dangerous such group is probably "Abu Sayyaf," a breakaway faction of the Moro National Liberation Front (MNLF). It is reportedly responsible for a continuing series of actions since 1992, including the bombing of a Philippines Airlines 747 in December 1994 and a well-planned and executed attack on government forces in Ipil, Zamboanga, in April 1995, in which it killed at least 33 persons, robbed banks, and burned many buildings.⁷⁴ These groups may serve for training and basing terrorist operations against other countries. There is less evidence of penetration of Moslem separatist groups in southern Thailand by Afghan Mujaheddin, but the possibility cannot be ruled out.

In sum, if there is a threat to U.S. interests in Asia from radical Islamic groups, it is more likely to come from a few centers of support for terrorism directed at international, including U.S., targets than from influence on governments at the national level.

74. "Philippines: Mid-Term Blues," *Far Eastern Economic Review*, April 17, 1995, p. 17.

U.S. military presence and access in Southeast Asia

Southeast Asian leaders and elites generally see the 1992 U.S. withdrawal from bases in the Philippines⁷⁵ as signalling diminished U.S. interest in the region, despite vigorous assertions to the contrary as well as continuing or expanded programs of combined exercises, military access agreements, and visits. At the same time, with the exception of Singapore, they have been reluctant or unwilling to take highly visible steps to facilitate continued U.S. presence.

Several considerations lie behind this apparent contradiction. On one hand, Southeast Asians want the United States to maintain a military presence in Asia sufficient to provide a counterweight to China, and help prevent Beijing from using force and other leverage to dominate their sub-region. They view the U.S.-Japan Security Treaty, and U.S. forces based in Japan, as crucial to their security well into the next century, as a rein on any possible resurgence of Japanese militarism or a competition for military supremacy between Japan and China that would certainly spread to their region. Beyond this, they believe that the military dimension of U.S. presence in Southeast Asia reinforces America's ability to play a constructive role in securing the stability required for a continued flow of external investment in their economies. Officials, politicians, and scholars in Southeast Asia cannot quantify or describe precisely the level of U.S. military presence they believe is required to meet these goals, but there is a nagging sense that the current level falls short.

On the other hand, Southeast Asians largely believe that the era of permanently based external military forces, including U.S. forces, in their sub-region is over. There is some concern that an overly large, high-visibility U.S. military presence could have a polarizing effect, generating Chinese hostility. There is concern as well that use of Southeast Asian facilities by U.S. forces for contingencies outside the sub-region could entangle governments in distant conflicts without their consent. Insofar as local sources of conflict are concerned, there

75. There is a widespread perception that the United States could have met Philippine demands for compensation in the base agreement negotiations, and stayed in.

is an emerging consensus that rejects the concept of a "policeman's role" for the United States in Southeast Asia, particularly with Vietnam's integration into ASEAN. These concerns are further fueled by domestic political trends weighing against stationed foreign forces that make it increasingly difficult for governments to contemplate high-profile facility arrangements.

The net result, as these factors interact, is frustrating for the United States. Southeast Asians appear to want the benefits of U.S. military protection without accepting responsibility for the support that would make it possible.

Barring a major regional event that changed power relationships (e.g., a Taiwan crisis or Chinese military action in the Spratlys), this complex matrix is unlikely to change in the coming decade.

- In out-of-area military contingencies, for example in Southwest Asia, where United States and Southeast Asian interests coincide, the U.S. is likely to continue to have quiet but extensive support and cooperation such as short-notice overflight and transit access.
- Military interaction such as the CARAT (Cooperation Afloat for Readiness and Training) program and other naval exercises will be welcome and can be expanded, especially where it enhances local capabilities.
- Exercises and other military-to-military contacts will contribute to the impression of the United States as strong and engaged in Southeast Asian affairs and will increase the likelihood of a positive response to requests for access, especially where the military is a major player in government and politics (Indonesia and Thailand). This effect will be limited in most countries by low visibility, however. Over time it will diminish as military influence in domestic politics wanes.
- Requests for additional support arrangements, such as training areas, use of port facilities, facilities for storage and handling of munitions, and prepositioned equipment will be answered on the basis of overall relations with the United States, anticipated

reactions from other Asian countries, and, most of all, congruence with host country security objectives.

- New support arrangements will be on a commercial basis. They will become more expensive as Southeast Asian economies mature.
- It may be possible to reduce the political sensitivity of some facility requirements, such as live-fire training areas, by joint use with other countries or even "ASEANizing" them. (Crow Valley in the Philippines could be a candidate.) This would have the added advantage of advancing multilateral security cooperation without overtly pushing the idea.

Conclusions and recommendations

Political, economic, and security relations between the United States and the Southeast Asian states should remain strong through 2010, based on a number of significant shared interests:

- Expansion of two-way trade and investment flows
- Freedom of the region from domination by an external power
- Prevention of a power struggle by two or more outside powers that would spill into Southeast Asia
- Freedom of navigation through one of the world's most important sea routes
- Expansion of responsive, competent governance
- Cooperation in dealing with transnational problems of growing concern.

Regional outlook

The most likely future for Southeast Asia appears to be one of stable intra-regional relations, growing economic interdependence, and political evolution in which domestic politics will play a larger role in external policies, including relations with the United States. If economies were to falter, however, this projection would change markedly. At this writing, the ASEAN countries are well positioned to compete for new capital inputs and use them effectively. Their success in doing so in coming years will be a key indicator for policy planners.

China. At least until Beijing's objectives in Southeast Asia are clearer, regional countries will view China as the biggest potential threat to their interests. Divided views toward Beijing and the imprecise nature of the threat, however, will be obstacles to developing a common ASEAN approach to the potential challenge from China.

Multilateral cooperation. ASEAN security frameworks, including the ARF, will play a role in building confidence and perhaps in avoiding conflict, but will not evolve into multilateral structures able to ensure security. A web of bilateral intra-ASEAN military relations, rather than formal institutions, is likely to characterize ASEAN security cooperation for some years. External pressure for multilateralism would generate resistance. Helping it evolve on an ASEAN timetable will be more productive. Indonesian/Malaysian reluctance to engage in multilateral military exercises involving the U.S. may diminish in the future.

U.S. security role. The ability of the United States to bring military force to bear in Southeast Asia will continue to be seen by regional states as an essential part of the balancing role they expect the United States to play. Political limits will constrain most Southeast Asian governments from providing high-profile support for greater U.S. force presence. Low-key arrangements, and quiet cooperation in contingencies where our objectives are similar will prevail absent changes in the strategic equation.

Naval and maritime orientation. As Southeast Asian interests and defense programs assume a more maritime orientation, the U.S. naval presence and navy-to-navy cooperation will become proportionately more important. Acquisition of modern naval platforms, including submarines and small carriers, will increase the value of exercises to both sides. The Navy will have opportunities to influence doctrine and operational capabilities.

Maintaining balance. Balancing U.S. interests in Southeast Asia with interests vis-a-vis China will be a requirement extending through 2010. The Spratly/South China Sea issue and the degree of military interaction with Vietnam are two specific cases. Close consultation, explaining our military engagement programs broadly, maintaining comparable levels of engagement, and avoiding the appearance of "encircling" China will avoid generating a self-fulfilling prophecy of hostility and containment.

Challenges and opportunities

Importance of claims to the Spratly islands. The United States has a major interest in how competing claims in the Spratly islands are resolved. There are many reasons for China to avoid force and seek a negotiated settlement, but transition politics in Beijing could overcome these considerations. If China used force or threat of force to intimidate Southeast Asian claimants and gain a share of continental-shelf oil and gas resources while the United States stood by, cooperation with Washington on a wide range of issues could drop sharply. Naval access is one such issue. This suggests the continuing importance of actions to deter conflict and promote negotiations.

Straits and sea lanes. In light of U.S., and specifically Navy, interests, the United States should closely monitor problems of traffic congestion and the potential for accidents in the South China Sea SLOCs and straits. Indonesia and Malaysia may argue more forcefully for establishment of a regulatory regime going beyond Law of the Sea provisions. A major accident or spill could be the trigger. The United States should seek ways to become directly involved with the littoral states in developing solutions that avoid confrontation and do not impinge on free access. Efforts should include Australia, whose dependence on north-south transit through the straits in the area is growing, and whose interests thus parallel those of the United States.

Islam in Southeast Asia. For the United States, the challenge from radical Islamic groups in the region will probably come from a few centers of support for terrorism directed at international, including U.S., targets. There is less likelihood of fundamentalist Islamic political pressures that would cause regional governments to restrict U.S. access in the area.

Indonesia. Without slighting other ASEAN countries, Indonesia appears worth special attention for fleet engagement for several reasons: its extensive maritime interests and archipelagic importance, its size and leadership role in the region, and the probability that political relationships will continue to be vexed by human rights and other difficult issues, making it more important to find channels of common interest.

Australia. Defense relations with Australia are strong. Australia's growing security engagement with Southeast Asia is congruent with U.S. interests. As a middle power close to the region, Australia will have special access and influence. There will be opportunities for U.S.-Australian cooperation in strengthening Southeast Asian security. Australia will want to proceed independently, however, and not be seen as a junior partner to the United States. Canberra may differ increasingly with the United States on Asian issues, more on style than on substance.

Access to facilities

Requirements for additional military support arrangements and facilities in Southeast Asia are likely to be limited and specific.

- In seeking new forms of military access in Southeast Asia, a strategy for consultations, and balance between military and political objectives will be needed in the future.
- It will be essential to demonstrate clearly the relevance of the request for Southeast Asian security objectives. The United States will find it increasingly difficult to gain underwriting for unilateral military activities, especially outside the region.

The Philippines. Resistance to U.S. access in the Philippines is likely to diminish slowly. Pressing early would generate political counterpressures on Ramos and any likely successor. A cooperative approach to facilities such as "ASEANizing" them might help defuse political opposition. As commercial development and use of other facilities, such as Cubi Point, expand, use by U.S. forces could become less visible and thus less contentious.

As the \$12 billion Philippine defense upgrade program proceeds, Manila is likely to place special value on U.S. assistance in navy training, doctrine, and exercises, including new naval vessels. As in the case of Indonesia, this represents a special opportunity for constructive interaction with the Navy, in addition to including the Philippines in ASEAN-wide programs such as CARAT.

Vietnam. As noted above, use of facilities in Vietnam—Cam Ranh Bay, for example—has a special dimension because of the history of conflict between China and Vietnam. The overarching U.S. interest in the Pacific is the emergence of a cooperative China playing by the rules of the global system. Military relations with Vietnam need to be balanced against this objective. Consideration of use of Vietnamese military facilities and public statements on the subject require close coordination between operators and policy planners.

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